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**FOOD AND NUTRITION PROGRAM OPTIONAL  
CONSOLIDATION AND REORGANIZATION ACT OF 1979**

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**HEARING**

BEFORE THE

**SUBCOMMITTEE ON NUTRITION**

OF THE

**COMMITTEE ON AGRICULTURE,**

**NUTRITION, AND FORESTRY**

**UNITED STATES SENATE**

**NINETY-SIXTH CONGRESS**

**FIRST SESSION**

ON

**S. 605**

A BILL TO PERMIT THE STATES TO CONSOLIDATE AND RE-  
ORGANIZE CERTAIN FOOD PROGRAMS ADMINISTERED BY  
THE DEPARTMENT OF AGRICULTURE FOR THE BENEFIT OF  
NEEDY PERSONS

DECEMBER 11, 1979

Printed for the use of the  
Committee on Agriculture, Nutrition, and Forestry



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# FOOD AND NUTRITION PROGRAM OPTIONAL CONSOLIDATION AND REORGANIZATION ACT OF 1979

TUESDAY, DECEMBER 11, 1979

U.S. SENATE,  
SUBCOMMITTEE ON NUTRITION OF THE  
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 10 a.m., in room 324, Russell Senate Office Building, Hon. George McGovern (chairman of the subcommittee) presiding.

Present: Senators McGovern, Leahy, and Hayakawa.

Also present: Senator Bellmon.

## STATEMENT OF HON. GEORGE McGOVERN, A U.S. SENATOR FROM SOUTH DAKOTA

Senator McGOVERN. The hearing will come to order.

I'm pleased at this time to receive testimony on Senate bill 605,<sup>1</sup> introduced by Senator Bellmon, to consolidate and reorganize many of the nutrition programs administered by the Department of Agriculture.

I've felt for some time that the child nutrition programs have been in need of closer oversight by the Congress and the Food and Nutrition Service.

Senate Resolution 90, which the Senate passed earlier this year, was basically a call for increased attention to child nutrition programs. It has been too long since we stepped back to reassess whether more efficient administrative mechanisms are possible in the area of child nutrition, and particularly, school lunch.

Recently, I introduced Senate bill 1898, a comprehensive redraft of the National School Lunch and the Child Nutrition Act of 1966. The Child Nutrition Act would integrate these two statutes into one, hopefully making them more readable and usable in the process. It would also extend those programs that expire next year.

Senator Bellmon and his staff are to be commended for the time and thought they have given to these important programs. S. 605 questions the ability of the Federal Government to determine the priorities of individual States in the area of child nutrition.

Given the problems States are expressing about more and more Federal regulation, Senator Bellmon is asking an important question. I hope that today will be just the first of several oversight hearings we will have with regard to child nutrition in the year ahead.

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<sup>1</sup> See p. 76 for a reprint of S. 605.

I might just say that this hearing today, although it comes late this year, is a hearing that I agreed to on the Senate floor in response to some of the concerns that Senator Bellmon had expressed earlier this year.

I am pleased to have you here as the leadoff witness.

Senator BELLMON. Thank you, Mr. Chairman.

Let me begin by saying that I regret that I am no longer a member of the Agriculture Committee. I feel more at home here than about any other place I have been.

Senator MCGOVERN. We regret that, too, because we always regarded you as an expert on this committee.

#### STATEMENT OF HON. HENRY BELLMON, A U.S. SENATOR FROM OKLAHOMA

Senator BELLMON. I am not an expert. You may know what happened. Senator Boren, who is also an Oklahoman, is also on the committee. It seemed to divide up our attention, so I went on the Energy Committee, and he is looking after our interests here.

I wanted to begin, Mr. Chairman, if I could, on a sort of a side note that leads right into what I want to say about S. 605.

I remember vividly during the time I served on this committee the leadership that you took in setting up the nutrition education program, the entitlement which gives the States a little money to use in that field. During the recent Thanksgiving Day recess, I took a day off and visited some schools in Oklahoma where nutrition education programs are underway.

It was one of the most heartening experiences I have had in a long, long time, and I would like to take just a minute to talk about what is being done at a little school called Deer Creek, which is about 20 miles outside of Oklahoma City.

This school has used a small amount of funds—I think it is 50 cents per capita—that is available to set up a nutrition education program for the lower grades, starting with kindergarten and going through the sixth grade. And without going into all the details as to what has happened, or how it has been done, they have found that by giving the students there the opportunity to participate in making up the menus for the school lunch program, and giving them the opportunity also to help prepare the food, that the participation in the school lunch has gone up from about, as I remember, 70 percent to something like 95 percent. I think there are only one or two children now that still bring their sandwiches in brown bags.

Also, their plate waste has almost stopped. They have practically no problems now getting the students to use the food that has been prepared, because they feel like it is sort of their thing.

And the most interesting thing was to go to the classroom and see how nutrition education is being taught. I will not take the time, again, to go into all of it. But in the first grade class, the teacher had a series of food articles, and the students would hold up a card showing whether it fit into food group one, two, three or four. It was amazing how these very small children already understood how nutrition affects their health.

But the most interesting thing was when the teacher held up a candy bar to see what food group it fit into, and the little kids all sat there and shook their heads; it didn't fit anywhere.

Also, it was very interesting to see that in that school there are no junk food machines. They have all been taken out, and there is no opposition from the parents; they are all very much in support.

So I would just like to commend you, Mr. Chairman, for the leadership you took as the architect of the nutrition education legislation that we passed. And I think you will find, at the State and local level, it is getting an amazing response.

I feel, frankly, that the same sort of attitude will greet the passage of S. 605, because this bill is designed to give the States and the localities a voice in the structuring of their own programs to meet the nutrition and food needs of their populations.

What this does is to represent a different approach and concept to the traditional design of our categorical programs in this important area. We believe it holds possibilities for strengthening the important considerations that underlie these present programs.

It is also our belief that S. 605 offers a much needed opportunity to States to shape program design to more satisfactorily fit the real nutrition needs of their population. In a country as large and diverse as ours, it is inescapable that we have patterns of need at the local level which vary considerably State by State.

No matter how well thought out and administered at the Federal level, it becomes impossible to structure a uniform program of food and nutrition which is universally appropriate across the whole country.

We believe that those States which have the capability and the commitment to do so ought to have the opportunity to build their own programs.

The problem is that somehow when we design a program here in Washington, it comes out as if it were stamped: Made in Washington, and there is some kind of automatic resistance that sets in because local people like to think that they can make decisions themselves, and that they can structure these programs to fit their own needs better by working at the local level.

I might say that this approach is not compulsory; we are making it optional, for States that choose to do so, to go this route; and only those States which feel they want this responsibility would need to be affected by this legislation.

I would also like to say that the idea of the optional approach belongs to Senator Domenici who will be here shortly to support S. 605. I would not want to take anything away from him. He wrote the bill for educational programs, and we worked on the one for nutrition in our office.

As introduced, S. 605 would establish a permanent program to provide States the option of consolidating the following Department of Agriculture programs.

First, as the bill is written, is the food stamp program. But I am going to offer an amendment, Mr. Chairman, to take it out, because I am afraid that is going too far.

Second are the child feeding programs conducted under the National School Lunch Act and the Child Nutrition Act of 1966, including the national school lunch program, the school breakfast



program, the child care food program, summer food service program, the special milk program, the special supplemental food program for women, infants and children—so-called WIC—the food service equipment assistance program; State administrative expenses; and the State nutritional training and survey program.

The third area is the expanded food and nutrition program conducted under the Smith-Lever Act, the so-called EFNEP program;

And fourth, the commodity supplemental food program conducted under the Agriculture and Consumer Protection Act of 1973.

I would like to stress that the consolidation of these programs is not mandatory upon all States, but it is an option to be exercised at the discretion of the State with the approval of the Secretary of Agriculture. As I said before, it is not mandatory. States can opt in, or they can opt to stay with the programs they now have.

Those States not wishing to move in this direction would simply continue to operate under the present Federal categorical programs.

S. 605 proposes to tap the vital ingredient of State and local capability and motivation to allow the substantial improvement of programs by following a professional nutritional assessment of need and by using an open planning process for a 2-year period.

Mr. Chairman, I am not going to go through my whole statement. I would like to ask that it all be made a part of the record, and I will try to highlight it.

In June of 1979, we were having a hearing before the Budget Committee, and Governor Snelling of Vermont was testifying representing the Governors' Association. He said—and I quote him directly, "Depending on the particular grant area we are talking about, savings of as much as 5-20 percent are realizable." He was talking about getting away from the categorical programs and giving the States greater flexibility. He talked about a 10-percent savings being a very achievable goal. At the same time, States are aware of needs which are not addressed by existing categorical programs. He pointed out that if they had the flexibility, they thought they could do a better job of taking care of the needs of their own people.

What this bill, S. 605, would do would be to permit those States that exercise the consolidation option to have greater flexibility in the use of Federal funds that we provide for food and nutrition assistance that they presently have.

It would permit the State to establish and administer food and nutrition programs which match the requirements of their neediest populations; it would encourage the States to develop effective methods of educating their citizens regarding the health consequences of diet and nutrition; and it would encourage States to operate food and nutrition programs in an efficient and effective manner.

Under S. 605, the State exercising its option to consolidate would receive a planning grant for a 2-year period in order to prepare a consolidated plan. The amount of the planning grant would not be more than 2 percent of the total funds received by the State in the most recent fiscal year for the programs to be consolidated, but in no case would it be less than \$500,000. We feel that even the very

smallest States would need that amount of money to develop a comprehensive plan.

During the planning period, the State would designate a single State agency to perform the required assessments, to formulate the State plan, to receive and apportion the funds, to monitor the progress of the programs, to prepare general guidelines and to examine all required reports and audits.

This lead State agency would have the power to delegate its administrative functions and to transfer funds to appropriate State agencies, and it could enter into contracts with public and private agencies, organizations and institutions for carrying out the program activities.

The State plan would be based upon a comprehensive assessment of the food and nutritional requirement of the neediest people of the State, including but not limited to, children, infants, expectant mothers, elderly people, institutionalized populations, and isolated populations of the State, including segments of the State's population which may be suffering from nutritional imbalance as well as those segments which may be suffering from inadequate nutrition.

The planning for this consolidation would proceed through an open process requiring the participation of interested citizens, local organizations, health care providers, child care providers, educational agencies, units of local government, and appropriate State agencies.

Now then, once the plan is made, the Secretary of Agriculture would have to approve the State plan, and then would monitor the State programs to insure that they are conforming with the plan, and also with the provisions of this act.

The Secretary would have the power to initiate various actions in the event of noncompliance, and would also provide constructive support through advice, counsel and technical assistance upon the request of State and local agencies.

Nonpublic schoolchildren would participate in the consolidated program.

A State choosing to consolidate would receive funds equal to the total amount received by that State under the various categorical programs during the most recent four consecutive quarters. This amount would be adjusted each fiscal year to reflect changes in the price of food.

Federal funds would have to be used to supplement, and not supplant, State and local funds. We are not anticipating that the States do less; in fact, we make provisions for them to do more.

Each State which exercises the option to consolidate would be eligible for additional amounts of funds up to 10 percent of the consolidated Federal funds, provided the State matched that amount with an equal amount of funds from non-Federal sources—considering Federal and State revenue sharing money to be non-Federal.

Senator MCGOVERN. To underscore that, Senator Bellmon, your bill doesn't envision reducing the Federal contribution.

As a matter of fact, as I understand what you have just said, conceivably a State could get up to 10-percent more?

Senator BELLMON. That is right. We do not anticipate a reduction. As a matter of fact, as you probably know, I would like to see a strengthening of this program.

Finally—and this is by way of explanation—I have a whole series of more technical amendments I would like to submit. There is only one of them that is substantive, and that is the one that takes the food stamp program out of the package.

Senator MCGOVERN. Without objection, we will make all of those a part of the record, as well as the complete text of your statement.

Senator BELLMON. I would like also to submit for the record a number of letters that have been received from State Governors, and a number of other officials.<sup>1</sup>

Senator MCGOVERN. Without objection, that will be printed as submitted.

Senator BELLMON. And there is also in that packet an analysis by the Congressional Budget Office.

I would hope, Mr. Chairman, we could have early action on this bill. It has been around a long time. I think it is a matter that deserves the attention of this committee.

I believe this bill holds the same promise for getting some enthusiasm into our feeding programs, and getting more innovative approaches in the same way some food and nutrition programs have succeeded in getting local people involved.

It seems when we make a program here in Washington and send it out, that there is some kind of almost automatic resistance to the program among local people.

If they could have a voice in determining their own destiny in the programs, I think we would get a lot better reception than we are getting from programs that we design here in so many categorical grants.

Senator MCGOVERN. Thank you very much, Senator Bellmon.

I was interested especially in your opening comments on the child nutrition education program, because I do think that is a program that has great potential and pays for itself many times over in reduced health costs and medical costs later on.

I just want to ask a couple of clarifying questions. I have gone over the bill very carefully, and as you know, the committee staff has looked at it very carefully, and I think it is entitled to every consideration by the committee.

It is my understanding that while this gives the State the option to participate more in the planning of these various nutritional programs, they would be required to use the funds specifically for nutrition.

There is no intent in your bill to dilute that objective?

Senator BELLMON. You are exactly right, Mr. Chairman. We would provide that the States get the funds to fulfill the plan, which the States would make in cooperation with the USDA, but the money will be reserved for nutrition.

Senator MCGOVERN. The one question that has concerned me about this concept, Senator Bellmon, is whether or not you protect the concern that we have had for a long time in these programs to deal with all the various groups.

<sup>1</sup> See p. 37 for the prepared statement of Senator Bellmon, p. 103 for the technical amendments to S. 605, and pp. 39-47 for the letters from the State Governors.

How would the funds be apportioned within a State with reference to the nutritional needs of the various groups? For example, could a State avoid serving its low-income population if it chose to do so?

Senator BELLMON. Mr. Chairman, the answer is "No." Dick Woods from my staff has done most of the work on this bill. I might ask him to provide the details of how we require that.

Senator MCGOVERN. Just enlarge on that. If a State wanted to put all of its money, let's say, in the school lunch program, and cut out the WIC program, could it do that?

In other words, conceivably a State could increase its total spending on all nutrition programs, and yet shortchange one segment we thought important, if we didn't properly allocate the funds within these various programs.

Mr. WOODS. It would depend on the assessment of the nutritional needs of the State, and that assessment of need, according to various population groups, would set up a priority of targets that would have to be addressed by the States in State planning.

If they didn't presumably the Secretary of Agriculture wouldn't approve it.

Senator BELLMON. Mr. Chairman, please understand that what we have provided here is 2-year funding for the assessment of need in the development of a State plan, which USDA would need to agree to.

Senator MCGOVERN. It would have to be approved in the end by USDA?

Senator BELLMON. That is right.

Senator MCGOVERN. Are you satisfied that you have safeguarded the agricultural purposes and functions of the nutrition program? I know that coming from an agricultural State, that is a matter you would be concerned with. I have always felt that one of the reasons our nutritional programs, have the political support they have is that they serve the American farmer as well as our health.

Senator BELLMON. Mr. Chairman, as you well know, some of these feeding programs began initially as a way of moving commodities, which USDA had acquired, out of the warehouses and into the diets of people who had need of the food.

We have sort of gotten away from that by shifting away from the commodity distribution program into food stamps. I suppose the area where that approach is still most prominent is in the special milk program.

I suppose the honest answer to your question is that this approach would probably not be quite as attractive to special interests in agriculture as the present program, although I think by now Congress has gotten away from the idea of using this primarily as a way of marketing agricultural commodities that are in surplus.

So I think the honest answer to your question is, probably this doesn't do quite the same job of pleasing segments in agriculture as the old commodity program did.

Senator MCGOVERN. I think it is a very interesting concept, Senator Bellmon, and I don't want to imply any criticism of it, because I think it is one that we want to look at very carefully, and you can appreciate the fact that we want to hear from a number of

witnesses, not only those who are on the agenda today, but others, before we move on it.

But I want to assure you that I intend to follow up on the commitments I made to you on the Senate floor to see that that legislation is given every possible consideration before the committee.

Senator BELLMON. Mr. Chairman, I greatly appreciate your holding the hearings, and will be interested in staying as long as I can.

I have a statement which Senator Domenici has prepared and asked that I submit it for the record.

Senator MCGOVERN. Without objection, we will be glad to print Senator Domenici's statement.<sup>1</sup>

All right, thank you very much.

Our next witness is Mr. Robert Fersh, the confidential assistant to the Administrator of the Food and Nutrition Service, Department of Agriculture.

Mr. Fersh, you are accompanied by Margaret Glavin, Jennifer Nelson, and Jane Voichek, is that right?

Mr. FERSH. That is right.

Senator MCGOVERN. You can proceed as you see fit, Mr Fersh.

If you have a lengthy statement, we would appreciate it if you could hold the opening statement to about 10 minutes, and maybe submit the rest of your prepared remarks. We are operating under a tight schedule today.

**STATEMENT OF ROBERT FERSH, CONFIDENTIAL ASSISTANT TO THE ADMINISTRATOR, FOOD AND NUTRITION SERVICE, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY MARGARET GLAVIN, DIRECTOR, SCHOOL PROGRAM DIVISION; JENNIFER NELSON, ACTING DIRECTOR, DIVISION FOR SPECIAL NUTRITION PROGRAMS; AND DR. JANE VOICHEK, SCIENCE AND EDUCATION ADMINISTRATION**

Mr. FERSH. That would be fine, Mr. Chairman.<sup>2</sup>

I will excerpt from my prepared statement.

Mr. Chairman, Senator Bellmon, I am Robert Fersh, assistant to the Administrator of the Food and Nutrition Service of USDA.

Accompanying me today are Jennifer Nelson, Acting Deputy Administrator for special nutrition programs, and Dr. Jane Voichek, Acting Assistant Deputy Director of Food and Nutrition, Science and Education Agency for Extension.

I appreciate the opportunity to present to you the administration's views on S. 605, the Food and Nutrition Program Optional Consolidation and Reorganization Act of 1979.

This bill would permit States to consolidate and reorganize all programs currently administered by the Food and Nutrition Service, with the sole exception of the food distribution program on Indian reservations.

And now, as I understand it, the food stamp program. We believe it is extremely important that Senator Bellmon has chosen to exclude the food stamp program from this bill, for reasons we will lay out later.

<sup>1</sup> See p. 50 for the prepared statement of Senator Domenici.

<sup>2</sup> See p. 51 for the prepared statement of Mr. Fersh.

Under this bill, a State may elect to accept an amount of money equivalent to what is now spent in the State on these programs and apply that money to nutrition programs of its own design. A single State-designated agency would oversee all programs chosen by the State.

The Department would continue to operate the current programs in States which did not elect consolidation. In those States which did elect consolidation, USDA would be responsible for approving the State's plan of operation, providing funding, and participating in program evaluations. The Department would not administer any programs in a State which elects to participate in the consolidation. A State may not therefore administer some of its own programs and also have the Department administer WIC or some other program.

I would like to share with you some of the reasons we do not favor S. 605 by explaining what I believe are some of the deficiencies in the bill.

One of the most serious of these is the possible disruption of existing programs which have proven to be successful in favor of other programs whose effectiveness and acceptability are unknown. A State could elect to replace a successful current program with another program which although less effective, is supported by stronger special interest groups in that State.

As this committee well knows, both the WIC and food stamp programs have been credited in the most recent Field Foundation study and other studies with being very effective. The dramatic improvements in the health and nutrition of the people surveyed by the Field Foundation was the result of our current system of food programs and especially the food stamp program.

A separate study conducted at the Harvard School of Public Health found that the prenatal component of the WIC program saves \$3 in hospital costs for every \$1 spent on program benefits. With evidence already existing to attest to the effectiveness of current programs, it seems unwise to risk that success which has been so difficult to achieve by switching to other programs.

As you know so well, the programs which would be replaced by this bill have been carefully and in some instances painstakingly designed and fine-tuned over the years by this committee to meet the needs of those who are in need of our assistance. There is no evidence that the needs of the various States are so diverse as to require separate strategies in each State. In fact, experience indicates that hunger and malnutrition are national problems which are best dealt with through a nationwide approach based on a national commitment.

We especially fear that political special interests would dominate the selection of programs administered in many States. This may result in benefits being less well targeted than under the categorical programs. Benefits currently available for meeting the needs of the poor might be shifted to support the middle class, whose nutritional needs are less acute.

Programs whose constituency is smaller or weaker—such as day-care centers—might lose to those institutions with more power, such as schools.

I might just add parenthetically that Senator Bellmon's bill attempts to deal with this problem by going through the State assessment plan and having USDA's approval. But there could well be much more subtle types of shifts in resources, which would certainly receive approval from USDA, but no longer target these programs to low-income people.

Likewise in States where the education establishment is far more powerful than the health department, funds could move from WIC to child nutrition—indeed, from low-income pregnant women and infants at high risk to middle-class high school students.

We have come a long way in the 10 years since the White House Conference on Food, Health and Nutrition focused national attention on the problems of malnutrition. Hunger and the diseases related to it have been diminished substantially by the institution and expansion of programs such as food stamps and WIC as well as programs such as the school lunch program, which now serves about 27 million schoolchildren each day.

I would now like to address more specific concerns with individual provisions of this bill. Section 7 mandates that administrative and program design at the State level is to be through a single State agency. This is contrary to current practice, in which food programs operate through many different State agencies.

This multiagency approach makes the food programs an integral part of the other basic services available to the populations to which services are targeted. The WIC program, operating through State Health Departments, is an integral part of the local education program. In the case of the EFNEP program, consolidation could result in the loss of program inputs from the land-grant universities whose academic staffs, funded from many sources, provide expertise essential to conducting a high quality program.

Certainly we encourage coordination among nutrition programs, but we believe consolidation would be detrimental to benefit acceptability and delivery at the local level.

After discussing this feature of a single State agency with a member of your staff, Senator Bellmon, it was explained to me that this single agency would be used much more to coordinate rather than administer the programs. We believe that is a good idea.

We do have a concern, however, that it could build another layer into the State bureaucracy. There would be another layer of politics where various programs would have to fight for approvals and funding.

It is just a concern that we have that another layer between the Federal Government and the State agencies not be built in.

Another area of the bill which causes us concern is the funding formula, which I believe may cause States to be unresponsive to the changing needs of the people they wish to serve.

By allotting States an amount equal to the prior year's expenses—adjusted by the cost of food—no accommodation is allowed for rises in unemployment, decreases or increases in school enrollment or other economic and demographic changes.

As a result, a State could receive more than it needs to run school feeding programs, or less than it needs to serve the nutritional needs of lower income people.

Although, I would add, since Senator Bellmon's decision to take the food stamp program out of this bill, the risk that low income won't get resources has been lessened.

In addition, the formula—even with annual supplementary grants of up to 10 percent of the total—may fail to provide adequately for geographically expanding programs such as WIC and the school breakfast.

Section 4 of the bill provides for States to opt back and forth between the consolidated and current programs with little or no advance notice. This could result in serious program inadequacies due to insufficient program planning and resource allocation.

Returning to the current programs after they have been dismantled in a State cannot be successfully implemented without considerable leadtime for States, local agencies and the Federal Government.

The frequent opportunities to opt in or out of a program would cause difficulty in enforcement of regulations, constant revision in State plans of work, and increased costs to the taxpayer.

Under this condition, it would also be extremely difficult to perform the long-range assessments which are required in serious evaluation of nutrition programs.

One other problem we have is the term, "administrative cost," which is not adequately defined in the bill. Administrative costs under this bill are not to exceed 7½ percent of the total State grant. This could cause serious problems. Currently 20 percent of all WIC funds may be used for administration.

The 7½-percent limitation could seriously impair WIC operations. There is a need for a clear understanding of what costs are intended to be included as administrative costs.

Of course, the decision on how to define this term will be crucial where the 7½ percent is too much or too little. It will also determine how extensive State and local recordkeeping will be.

Thus, the restriction of 7½ percent for administration could result in States moving from WIC in favor of the other programs, which have less administrative cost, but also less demonstrated cost-effectiveness.

In conclusion, I wish to emphasize that hunger and malnutrition are national problems which have proven to benefit by a national, comprehensive approach to program design and resource allocation. We do believe that there is a strong leadership role for the Federal Government to play, and we think we are doing that effectively.

And we think it is incumbent upon us to be listening very carefully in our processes to State and local comments as to how programs should be structured. We believe that the Federal Government can be far more responsive than it often is.

We also believe that in these times of scarce Federal resources, Federal moneys should be well targeted so they are used efficiently on those most in need. S. 605 would not necessarily assure that.

One final point is, we do not think that the proposed approach is advisable because it would result in the people with the same needs receiving different benefits, simply because they live in different locales.

Thank you, Mr. Chairman.



Senator MCGOVERN. Thank you for your testimony, Mr. Fersh. I know when you were with the Budget Committee, you counseled frequently with our staff on this committee, and we are always grateful for your import on matters we are working on.

Is the funding authorization proposed in S. 605 based on prior-year expenditure adequate, in your judgment, to meet shifting needs of the program?

Mr. FERSH. Mr. Chairman, we do have some concerns along those lines that by basing it on prior years, the funding may not be responsive to a current year's needs. For instance, if there were to be a sudden rise in unemployment, the nutritional needs of the people in the State could go up dramatically.

As I mentioned before, Senator Bellmon's proposal to take the food stamp program out of the bill eases some of our concerns, but we think that kind of change in the economy could be important.

In addition, for instance, we now understand the birth rate is going up. School enrollment may be up in a few years. Senator Bellmon's bill would only adjust essentially for food price inflation.

To the extent enrollment may go up significantly, States could be caught a little bit short in funds in future years.

Senator MCGOVERN. Could you tell us to what extent the Department has managed to combine program administration and to relieve the reporting burden under the current law? In other words, what steps have you taken in the absence of any legislation of this kind to develop a more efficient administrative program and procedures?

Mr. FERSH. I am going to defer to Jennifer Nelson, the Acting Deputy Administrator.

Ms. NELSON. Child nutrition programs that are authorized under the School Lunch Act and child nutrition are for the most part administered under one State agency.

We have instituted several things which we feel helped the States in this area: a consolidated letter of credit for all of these programs with the exception of the WIC program; to simplify the reporting burden for the lunch and milk programs, there is a combined reporting form used at the local and Federal level.

We have a combined State plan for all these programs, and will be moving in the next year to put NET under the same State plan.

The Department proposal passed in Public Law 95-627 concerning combining the costs of the breakfast and lunch program will go along toward helping the States in this area. And also, the Department has proposed the eliminating of the 10-percent transfer authority that was provided for State administrative extension money. This will allow the States to move their staff and resources around to meet the needs in their individual States.

Senator MCGOVERN. Thank you.

Mr. Fersh, I have one question that actually goes beyond the scope of S. 605, but I would appreciate your initial reaction: I have been thinking since the oversight hearing earlier this year about how to get across the public policy objectives and goals of section 4.

We, of course, have some disagreement about the wisdom of reducing by 5 cents the section 4 subsidy.

One of my fears about the proposal is that it could become a precedent for future years and future administrations that wanted

to eliminate all Federal support, both the cash and commodity support, for middle-class students participating in the school lunch program.

Now, I don't believe that is your intent, is it?

Mr. FERSH. No, that is not our intent.

Senator MCGOVERN. So if that is the case, if we at least agree that that is not a desirable objective, what would you think about developing a mechanism that we could write into the law to prevent the school lunch program from, in effect, being turned into a welfare program, by establishing some kind of a Federal minimum support under section 4 to cover the so-called paying students? It could be similar to the concept of target prices for agriculture, something that would guarantee that at least 50 percent of the participating students would be other than free or reduced-price students.

It seems to me that that would accomplish two purposes: Substantively, it would prevent the school lunch program from being turned into a welfare program; and politically, it would link section 4 with a stated policy goal that everyone could understand—at no time are we going to allow this program to have less than 50 percent of the students in the paying category.

Mr. FERSH. Well, of course, I have to take any specific proposal back to the Department for study. But I think we should make clear that we never intended the nickle cut as the first step for further cuts which would reduce the support going to middle-income children.

In fact, the reason why we did propose this type of reduction in these times of tight budgets is because we did not think it would have significant effect on program participation, nor hurt the program.

As both CBO and USDA have stated, the nickel cut might reduce participation by up to 4 percent. As a matter of fact, from fiscal year 1978 to 1979, there was about a 4-percent increase from paying students in the program.

So our cut would merely restore the number of paying students to the level it was in 1978. So I think that type of proposal is certainly something we would be interested in taking a look at.

We do share your concern that this program not be targeted to low income people only, and certainly would not want to take steps that would lead to that type of program.

Senator MCGOVERN. Well, I would appreciate it if you would review that idea with your associates, Mrs. Foreman and Bob Greenstein, and even the Secretary. I do think something of that kind may be necessary.

Senator Bellmon?

Senator BELLMON. Mr. Chairman, I will not take but a second.

Frankly, I would have been surprised if the administration had supported this approach. I can understand your reasons for not doing so. But I think you make a good case for some flexibility in the level of the State funding, depending on the economic conditions that might exist in the State.

I frankly don't know how we might deal with that, but certainly we ought to give it a careful consideration.

Is that now done? Do you vary the level of WIC or other programs depending on the amount of unemployment in a State?

Ms. NELSON. Not depending on the level of unemployment. However, since school lunch, school breakfast, special milk, are all entitlement programs, the schools are basically reimbursed for every meal that they serve, and as unemployment increases so does the number of meals at a free or reduced price increase, and they would be reimbursed for those.

The WIC program is in a somewhat different state right now in that it is a rapidly expanding program throughout the States. The funding provided to the States is based on a formula which we think represents the needs among the States, but in no manner does the money provided for the WIC program currently meet those needs.

I think that is a unique problem for the WIC program, and possibly the breakfast program under S. 605.

Senator MCGOVERN. Thank you very much. We appreciate your testimony.

I think I will ask the next two witnesses to come together, Mr. Keith Putman, administrator, Adult and Family Services, Salem, Oreg.; and David Wilson, commissioner, Department of Social Welfare, Montpelier, Vt.; and also testifying on behalf of the National Governors Association.

Gentlemen, as I indicated to the other witnesses, if you could hold your opening statement to not more than 10 minutes, and submit whatever you haven't yet delivered for the record, we would appreciate it.

**STATEMENT OF KEITH PUTMAN, ADMINISTRATOR, ADULT AND FAMILY SERVICES, STATE OF OREGON, SALEM, OREG.**

Mr. PUTMAN. Thank you, Mr. Chairman.<sup>1</sup>

I am Keith Putman, and I am administrator of the Adult and Family Services Division in Oregon. We administer basically the welfare programs.

I am part of an umbrella agency that administers several nutrition programs including WIC, and the food stamp program.

I am here today not to just represent the special interests of my division or of the Department of Human Resources, but rather to speak for Governor Atiyeh and in his behalf, for the State of Oregon.

And we want to convey to this committee, Mr. Chairman, our appreciation to participate in the national legislative process.

Oregon has also participated directly with the National Governors' Association in formulating their position. While we agree with the entire position of the NGA, there are some of their points which we would particularly like to emphasize here today.

First, Oregon is always going to support any congressional bill which contains two of the major features of S. 605. First, being the concept of consolidation of benefit programs; and second, the idea that States be given flexibility in that consolidation, including the flexibility to organize as particularly meets the circumstances of that State.

<sup>1</sup> See p. 54 for the prepared statement of Mr. Putman.

We believe that those concepts are used far too infrequently, and we wish to commend Senator Bellmon and other authors of this bill for their insight on how to better improve the State-Federal partnership.

The second point is that the advantages given to the State by S. 605 are for improved identification of clientele, the ability to better prioritize the States' particular needs, a greater rationale for similar eligibility standards throughout the program.

These programmatic benefits can occur in any State where consolidation is workable, and it removes from any State any reason to argue that inflexible Federal laws interfere with the States doing a better job.

This is not to say that all States will, or can, reorganize; or that they will all want to. Indeed, many States may choose not to use the provisions of the bill.

But, an opportunity is being created for those who can and wish to, to take advantage of it.

We also believe there are other advantages for consolidation which, as I understand, are beyond the purview of this committee, but those would include the nutrition programs now operated by the Community Service Administration, the U.S. Public Health Service, title XX, and through Older American Acts programs.

The third point is, we would suggest the committee mandate the establishment within the U.S. Department of Agriculture of a single office or person responsible for working with the States.

Without such a single focus within USDA, any States attempting to consolidate their programs will have to deal with a variety of different officials. Prior experience has shown us that in large organizations, such as the Department of Agriculture, there will be policy conflicts between the subunits, and the States are powerless to deal with that.

A creation of a single focus point should aid that process substantially.

I would like also to call to this committee's attention the National Governors Association's recommendation that financing of the nutrition programs be periodically adjusted to take into account changes in the cost of food, and changes in target population within the State.

Finally, Mr. Chairman, we cannot emphasize strongly enough that the food stamp program should be excluded from this package.

Our reasoning is very simple. The food stamp program is not now, and has not been for a number of years, a nutrition program. And because it is not a nutrition program, it has in fact become an extremely expensive to administer income supplement program, and we believe it should be transferred to the Department of Health, Education, and Welfare, not out of any special warm feelings toward that organization, but a recognition of the fact that food stamps is now primarily an income supplement program rather than a nutrition program.

I don't want to belabor the point that it is an income program, but I would like to stress that it is no longer a nutritional program.

In order, in my opinion, to call something a nutrition program, it must not only have the practical effect of giving the opportunity to people to eat more nutritious food, but it actually has to result in

more nutritious eating habits. And over the years, a number of modifications of the food stamp program have detracted from its value as a nutrition program.

When the program first began, there were requirements which had the net effect of requiring persons to participate continuously if they wanted to participate at all. Failure to participate on a more or less steady basis would have permitted people to substitute the bonus value of food stamps for cash, rather than using that bonus value to purchase additional food. For example, a person who had been previously paying \$40 a month for food could now use that \$40 to purchase \$50 worth of food stamps. The additional \$10 bonus value had to be spent on food and yielded an increase in food consumption which was beneficial to America's farm community and—presumably—improved the nutrition level of the food stamp user. If, however, that same client paid \$40 for \$50 worth of food stamps in one month, and did not participate at all in the second month, they could reduce expenditures of their own money for food in the second month from \$40 to \$30 so that they still ended up consuming an average of \$40 for food per month, of which \$10 was paid by the Government. This, then, neither helped the farmer by increasing total food consumption nor did it increase the nutrition level for the user.

The first modification of that system came when the requirement for purchasing on a continuous basis was eliminated. Administering or enforcing that rule was horribly expensive and clients generally had good reasons for not making the purchases.

A second modification of the food stamp program was to permit clients to buy 1, 2, or 3 weeks' worth of food stamps in any given month rather than mandating a full month. The net effect of that change was that the client who should have been eating \$50 worth of food in a month, at a food stamp purchase price of only \$40—but who could only spend \$30 for food could now elect to participate for 2 weeks out of the month at a cash outlay of \$20 and receive \$5 worth of bonus food stamps rather than \$10 worth. But here also, the client could effectively reduce their cash outlay for food stamps so that the total food consumption was no more than the \$30 they had been spending initially, but with \$5 Government money.

A second major reason the food stamp program is not a nutrition program is that there never has been a requirement that food products purchased with food stamps be of the nutritious variety as opposed to junk food. I know that Congress has worked long and hard at attempting to remove junk food from the food stamp program. That is extremely difficult to do partly because many foods which are not thought of as junk food have little nutritional value. I am not a food faddist but I have been told that these products include: Refined sugar, most white flour products, most prepared breakfast cereals, coffee, tea, polished rice, macaroni, et cetera. The WIC program is a good example of a nutrition program. While not requiring that participants eat any more food than they would have without the WIC program, it at least specifies food products that are generally regarded as nutritious.

I do not believe that the food stamp program will ever be improved in any significant way as long as it is regarded as a nutrition program. as soon as it is recognized for what it is—an income

supplement program which is extremely expensive to administer—significant and fundamental changes can be made.

We are pleased to hear Senator Bellmon's suggested amendments that would delete the food stamp program from it.

Thank you very much.

Senator McGOVERN. Thank you for your testimony, Mr. Putman.

As you say, this is not the place to get into discussing the functions of the food stamp program. I would just like to add this, though, that in the absence of that program, while you might make an argument that it is not ideally structured as a nutrition program, if we didn't have it there would be a lot of people suffering from nutritional problems that are now getting a nutritionally balanced diet as a consequence of the program.

Mr. PUTMAN. I agree completely.

Senator McGOVERN. Mr. Wilson, we would be glad to hear from you.

Mr. WILSON. Thank you, Mr. Chairman.

This morning I am speaking on behalf of my State of Vermont and the National Governors' Association, specifically Vermont's Gov. Richard A. Snelling, who is chairman of the Committee of Executive Management and Fiscal Affairs for NGA, Gov. Joseph Garrahy of Rhode Island who is chairman of the Committee on Human Resources.

Senator McGOVERN. Senator Leahy has just come in to hear your testimony. Mr. Wilson is just getting started.

Senator LEAHY. Mr. Chairman, I apologize for being late. Like all of us, I was running about three different items this morning, but I have an enormous amount of respect for the Commissioner, and he and I are personal friends.

**STATEMENT OF DAVID M. WILSON, COMMISSIONER, VERMONT DEPARTMENT OF SOCIAL WELFARE, MONTPELIER, VT., AND ON BEHALF OF NATIONAL GOVERNORS' ASSOCIATION**

Mr. WILSON. I also bring the greetings and regrets of Gov. Richard Riley of South Carolina who was to have represented the NGA in presenting testimony on this legislation, but who was forced to cancel his plans due to pressing business in his own State.

With me is Scott Bunton, who is staff director of the Committee on Human Resources. Scott and I will be available to respond to any questions at the conclusion of my remarks.

Mr. Chairman, the Governors strongly support congressional efforts to consolidate Federal grant-in-aid programs. The desirability of consolidating related programs—such as the 20 in health or the nearly 80 in elementary and secondary education—has been widely recognized by Members of Congress, by the Advisory Commission on Intergovernmental Relations, by State and local officials, and by the last four Presidents of the United States.

Yet, the proliferation of such programs has continued, rising from 442 in 1975 to 492 in 1978. In contrast, the last block grant program, once held out as the wave of the future, was enacted in 1974.

The Governors and State administrators welcome this opportunity to discuss grant consolidation with the subcommittee. They asked me to commend the distinguished authors of S. 605 for their

work in developing this important proposal and to thank you, Mr. Chairman, for giving us the opportunity to testify.

Before I deal with the specific comments we have on S. 605, I would like to take a minute to emphasize to you how strongly the Governors and the State administrators support simplifying the grant-in-aid system by consolidation of grants. In formal policy positions, in letters on Federal aid reform, and in discussions with the Office of Management and Budget on Federal spending, the Governors have called for increased reliance by Washington on consolidated grants.

They have stressed that consolidation is the only way that Federal aid can respond adequately to the diverse needs of our States. In the past the Federal response to this diversity was to create new programs. If a national program was appropriate for Connecticut but was not tailored to meet the particular characteristics of Arizona, then a new program was created for Arizona.

Complaints under this system were few when there was enough money to satisfy the needs of every interest group. But we know, for example, that Federal grants-in-aid under the budget the President proposed for fiscal year 1980 would decline in real terms by about \$8 billion. In this situation, the competition for funds will increase dramatically and duplication and overlap will be even less tolerable than they have been in the past.

An information bulletin recently distributed by the Advisory Commission on Intergovernmental Relations makes a strong case for grant consolidation. The bulletin cites many examples where specificity, fragmentation, and administrative waste could be alleviated by providing more flexibility to grant recipients. I will submit the bulletin for the record of these hearings, but you may be interested in one example germane to the program area addressed by S. 605. According to ACIR:

Five-year-old need children are excluded from federally funded nutrition programs because one program only provides for children up to the age of five, and school lunch programs serve only children six or over.

This fragmentation is hurtful to potential beneficiaries. Further, it is the kind of situation that leads citizens to doubt the effectiveness and wisdom of Federal programs.

It is significant that the experience of the Governors has led them to recommend—through a survey conducted by NGA—that consolidations be made in every area of significant Federal grant activity. The bill we are considering today, S. 605, is an excellent start toward increased flexibility and improved tailoring of Federal programs to the needs of each State, and we look forward to working with you on it.

With your permission, Mr. Chairman, I will now turn to our specific comments on S. 605.

One, the Governors were unanimous that the food stamp program should be removed from the legislation—a step to which the sponsors have agreed. Without this omission, the Governors would not be able to support the bill.

Two, a provision needs to be added to the legislation which, in addition to adjusting the financing provisions for participating States on the basis of changes in the cost of food, would adjust each State's share of available funding based on population shifts, in

other words, changes in a State's share of the nationwide population being counted.

Under the terms of such a provision, a State whose counted population grows at a rate faster than the rate of growth of the same counted population nationally would receive an increased proportion of the available funds.

Three, it would be desirable ultimately to see the array of programs eligible for consolidation further widened to include such nutrition programs as those operated under authority of the Community Services Administration and HEW's Public Health Service, title XX, and Older Americans Act programs. We realize at this time that committee jurisdiction problems, and the need to start with a reasonable initial bite, make inclusion of these programs infeasible at this time.

Although we do recommend they be considered in the future.

Four, the provision for a maximum of 7½ percent in administrative costs is inadequate. At the very least additional flexibility should be incorporated in the bill, granting authority to the Secretary to increase the allowable percentage under extenuating circumstances. One possible solution that would be to incorporate language very similar to that added as an amendment on the Senate floor to S. 1724, the Home Energy Assistance Act, which makes clear that the intention of the Congress is that the administrative expenses be limited to 10 percent, but allows the Secretary, where a State can demonstrate good faith and extenuating circumstances, to raise the percentage limit for that State up to 15 percent.

Five, the legislation should provide that a separate, identifiable official will be designated within the Department of Agriculture's Food and Nutrition Service to administer the consolidated program—so that participating States can go to one location with responsibility for the program's administration and obtain both reliable answers to questions and final, authoritative decisions on issues in question. It will be impossible for a State which opts for consolidation under S. 605 to run the current matrix of authority within USDA.

Six, the legislation should provide for a thorough study to be conducted of the consolidated programs and their outcome—particularly in comparison to States where the programs are not being consolidated—with particular attention given to the relative nutritional status of participants in consolidated program States as contrasted to the participants in nonconsolidated States. The study should also specifically consider all impact consolidation appears to have on delivery of ancillary services, and the success with which the new consolidated nutrition program and its delivery agency interface with the ancillary service delivery agencies.

Seven, if a nutritional needs assessment is going to be conducted in each participating State, the data yielded from these efforts should be collected and reported in such a manner as to be useful in compiling valid national data—or at the very least useful in comparison on a State-by-State basis.

The legislation should provide for a joint USDA/State government task force to establish a common set of questions to be



employed in and data to be secured through the assessment, which would be used by all States administering such an assessment.

These, then, are the points which Governors feel should be addressed by the committee in the markup of this bill.

Let no one, however, misinterpret the comments I have just made as being anything more than suggestions for making technical improvements in the bill and its implementation. The real thrust of our testimony is to support this and any other efforts which can be made to consolidate and simplify the worth programs which we are all committed to.

For inherent in this bill and others like it is the goal of maximizing the effectiveness of such programs. We know now, if we didn't before, that there are genuine limits to the resources which can be applied to maintain the basic needs of our citizens for housing, heat, health care, and nutrition. It is only through such strategies as consolidation and increased flexibility that we at the State level and you at the national level can be assured that we will together be able to provide these necessary services at a price that we can all afford.

Thank you very much.

Senator MCGOVERN. Thank you very much, Mr. Wilson, for your testimony.

I think I will defer first to Senator Leahy, if he has any questions he would like to raise to either of the witnesses.

Senator LEAHY. Thank you, Mr. Chairman.

Just a couple of quick ones. Mr. Wilson, and everybody else in the panel who cares to, what happens—two problems comes to mind.

One, in rural areas, if these programs are consolidated, rural schools, for example, in a very rural area of the State, are they going to have clout within the State itself to get their fair share?

How do we make sure rural areas are not cut off from the various feeding programs?

Mr. WILSON. I don't think in Vermont, Senator, that would honestly happen.

Senator LEAHY. But we are almost totally rural.

Mr. WILSON. On a nationwide basis?

Senator LEAHY. On a nationwide basis.

Mr. WILSON. I suppose the only answer to that is how the funds on a national level will be allocated, and the type of allocation formula that would be used.

Senator LEAHY. Once they get to the State, might they be able to totally ignore their own rural areas?

Mr. WILSON. As I say, in Vermont, I don't think that would happen. Because I think in Vermont, since we are so rural, the rural areas maybe hold the balance of power in the legislature.

In a State like New York, where you have that vast region north of Albany, which I think is in one congressional district, that might be a real problem.

Mr. PUTMAN. Senator, I might add, if the need assessments are properly conducted, I believe it is going to show what is implicit in your statement, that there are nutritional needs in the rural areas. And in order for the State to get approval of the program, the Department of Agriculture would have to assure that the State

plan was consistent with what was found, what the need assessment was found to be.

I agree with Mr. Wilson as far as Oregon is concerned, where we have a third of our population in one metropolitan area, the balance spread out over a large geographical area, I don't expect that to happen. And I think the needs assessment, in addition, in a political consideration, the needs assessment is the administrative vehicle to prevent it.

Senator LEAHY. The reason I ask is, we have had testimony before this committee, for example, farm communities where you have this idea that all farm kids live in a bountiful place and will have great nutrition, but they sometimes suffer the most from malnutrition.

Often, it is farm youngsters who have the problems directly related to the lack of adequate nutrition.

And then you have what happens in a State that really has a strong attitude against feeding programs themselves that might just want to remove the—not even going to the question of the school breakfast program, but even the school lunch program, and want to just eradicate it.

And so what you are doing, if you are in an affluent area that is really not a problem, the kids will have money and so on. But if you have large areas, large poor areas in the United States that the State cutoff entirely, many people may be cut off from the one nutritional chance they have.

Can we block that out? There is an awful lot in the bill I like, so I don't mean to act otherwise. But some of these problems kind of come up in the back of my mind, and I wonder about them.

Mr. BUNTON. I think one of the important attributes of the bill, as far as the Governors are concerned, is, it does not completely remove the Department of Agriculture from the picture.

They still retain a rather substantial responsibility to check the States work in compiling a State plan and making sure, as Mr. Putman indicated, it does comport with the nutritional needs assessment, which has been conducted.

In fact, they will continue to assert an oversight role insofar as State administration of the program is concerned. So it is not essentially a mechanism for disbursing money to the States whereupon the Federal attention ceases.

Senator LEAHY. I also get worried when I go to schools and see an awful lot of kids just barely making it scholastically. It is obvious they don't have adequate nutrition to be able to keep up with their classmates, and realize somewhere they are a number on a computer chart, and are not real people. They are in a massive computer somewhere in Washington as numbers, but yet the kids whole life may be affected by malnutrition.

Mr. WILSON. My experience with USDA and the oversight goal, if anything, they carried that out to the extreme. I don't feel if USDA does have the authority to approve the State plans, and obviously has the authority to see that States comply with State plans, based on their track record, that the States are going to have any kind of a free hand in this; that the State plans will have to be responsive to the needs of all citizens, and the State is going to have to follow up on its obligations.

Again, if their oversight role in the food stamp program can be used as any type of example, I have no worries that won't be done.

Senator LEAHY. Thank you, Mr. Chairman.

Senator MCGOVERN. Senator Bellmon.

Senator BELLMON. Mr. Chairman, I am going to be very brief.

The USDA witnesses here before raised some points that I thought you might want to address. One of the statements made was that States would elect to support worse programs than we have now, and that the present programs are carefully designed. Do you have comments about that?

Mr. PUTMAN. I was confused by the comment. This would not give us authority to spend any money which we are not now getting, and seemed to suggest that they feel the programs they have now, there are some bad ones in there. I'm sure they didn't mean to imply that.

If, on the other hand, they were saying it would give the State flexibility to shift between the programs, some of which USDA has greater preference for than others, yes, it does do that.

But I would contend that the nutritional needs in the State of Oregon are going to be different from the nutritional needs in the State of Mississippi, and those flexibilities should be given to the States.

But I really didn't understand Mr. Fersh's comment about shifting to ineffective programs, because we are only talking about those there now.

Mr. WILSON. I think USDA does spend an undue amount of time requiring compliance with some fairly specific and rigid requirements. For example, we in Vermont have been asked to distribute out of two local offices  $x$  hundred thousand of copies of information in the Spanish language, and we have 17 people in the State of Vermont who only speak Spanish. And we have, you know, to spend a great deal of time complying with that kind of requirement.

So I sort of have a question of USDA's statement from our good friend, Rob, that USDA has been responsive to States' needs in running the programs. I think they have become more responsive since Bob Greenstein came in, but I think they have a long way to go.

So, therefore, the key word you keep hearing coming from us is "flexibility." Any step that is going to get the State any more flexibility to take the basic principles of the program and apply them to the specific needs of our constituents, FE, I think, is a very great step in that direction. I don't think the USDA is necessarily getting hurt in the process.

Mr. BUNTON. I think it probably should be pointed out, Senator, that, as we believe is manifest in your legislation, "flexibility" as a word is not necessary and should not be in this case, synonymous with absolute and total control by State governments without accountability.

The bill provides for the accountability. That is an important component of the concept. We don't ask for Federal dollars to be dropped on State government, at least in this legislation, without that accountability being quite present and very much in evidence.

Mr. WILSON. To follow up on that, and support that statement, that is one of the reasons why we have testified that we think the food stamp program ought to be excluded from this bill, because we want the food stamp program, in essence, protected to some extent. We don't want the food stamp program shortchanged for some other program.

Senator BELLMON. That is all.

Senator MCGOVERN. Thank you, Senator Bellmon.

We will now hear from Ms. Jane Wynn, president of the American School Food Service Association; Mr. Carl Stenberg, the Assistant Director, Advisory Commission on Intergovernment Relations. Ms. Wynn, we will hear from you.

**STATEMENT OF JANE WYNN, LEGISLATIVE CHAIRMAN, AMERICAN SCHOOL FOOD SERVICE ASSOCIATION, AND SYSTEMS ANALYST, SCHOOL BOARD OF BROWARD COUNTY, FLA.**

Ms. WYNN. Thank you, Senator McGovern.

I am Jane Wynn, systems analyst, school food service, the school board of Broward County, Fla. I am testifying today on behalf of the American School Food Service Association.

Our organization was formed some 33 years ago at a time when only the national school lunch program was in operation. Our membership is made up of 68,000 individuals throughout the country who are involved in managing or carrying out the many tasks involved in the production and service of nutritious meals to all children.

We are equally interested in the breakfast program, the child care food program, the summer food service program, and the special milk program. In addition, we support the WIC program and the elderly feeding program, although our membership is not directly involved in these programs.

I very much appreciate the opportunity to testify on S. 605, a bill to permit the States to consolidate and reorganize certain food programs administered by the Department of Agriculture for needy persons.

As we understand it, S. 605 would permit individual States to take one of the following options:

(a) Continue to participate without change in present food programs under existing authorizing legislation and funding, or

(b) Elect to formulate and administer their own food and nutrition programs, along with nutrition education activities, without reduction in Federal funds now being received under the aforementioned programs.

Mr. Chairman, there may appear to be merit in allowing States to design and administer food programs best suited to their needs. All of us in the States are having increasing problems with the confusing, complex, and unduly restrictive regulations issued by the Department of Agriculture.

Nevertheless, the basic approach contained in S. 605 would not, in our opinion, be the answer to the situation we have described regarding the Department of Agriculture, from the standpoint of the child nutrition programs. We take this position because:

First, under the National School Lunch and Child Nutrition Acts, Federal assistance in the form of cash and commodities is

made available for all meals or milk served to children in participating schools and institutions. Supplemental payments are made for meals or milk served free or at reduced price to children from low-income families. However, S. 605 would require that available funds for child-feeding programs be directed essentially to needy children. Since our association's goal is better nutrition for all children, we cannot be in agreement with this bill, regardless of its other merits.

Second, under present legislation, State departments of education are designated to administer the child nutrition programs. Such agencies accept and disburse Federal funds to participating schools, public and private, and institutions in amounts per meal prescribed by law. In the event that the initial Federal appropriations for a fiscal year are not sufficient, the Congress has provided supplemental appropriations in the amounts required.

Under S. 605 State departments of education would receive Federal funds for child nutrition programs only through the single State agency to be designated under section 7(a)(1) of said bill. This would mean that the education department would have to compete with—well, at this time, not the welfare department, but the health department, as well as private agencies now involved in food and nutrition programs.

In this situation, the competition for available funds at the State level, between various eligible agencies would be intense. Local school systems would have no assurance from one year to the next that Federal funds would be adequate to continue or expand existing school food service programs. In this kind of uncertainty, it would not be possible to maintain nutritional standards for lunches or breakfasts nor would it be possible for such school systems to assure that free or reduced price meals would be available for children from low-income families. By the same token, school systems would not know what price would have to be charged to children normally paying for their lunches.

On this point, Senator McGovern, I would like to commend you for your proposal for a guarantee in level of support for middle-income children in section 204. We would be happy to work with your committee and the Department in this effort.

I would like to express regret that our position on this bill must be in the negative.

We can see no advantage in dismantling an effective administrative structure which appears to be working.

This concludes my statement.

Senator McGOVERN. Thank you very much.

Mr. Stenberg?

**STATEMENT OF CARL W. STENBERG, ASSISTANT DIRECTOR,  
POLICY IMPLEMENTATION, U.S. ADVISORY COMMISSION ON  
INTERGOVERNMENTAL RELATIONS, ACCOMPANIED BY MI-  
CHAEL MITCHELL AND TARU JONES**

Mr. STENBERG. Thank you, Mr. Chairman, Senator Bellmon.

I am Carl Stenberg, Assistant Director for Policy Implementation of the U.S. Advisory Commission on Intergovernmental Relations

(ACIR).<sup>1</sup> I am accompanied by Michael Mitchell and Taru Jones. I appreciate the opportunity to appear before you to testify on S. 605, the Food and Nutrition Program Optional Consolidation and Reorganization Act of 1979.

The ACIR is a permanent bipartisan body established by Congress in 1959 to monitor the operation of the American federal system and to recommend improvements. The 26 members represent the executive and legislative branches of Federal, State, and local government, as well as the public.

In both 1967 and 1977, the Advisory Commission on Intergovernmental Relations called for consolidation of Federal grants-in-aid as a reform strategy to remedy the increasing fragmentation of categorical grants.

I would like to emphasize that the Advisory Commission has no formal position on nutrition issues and that I will be addressing myself strictly to the merits of the grant consolidation concept as reflected in S. 605.

Federal aid programs, and their dollar amounts, have increased at a phenomenal rate in the last few decades. The number of categorical grants available to State and local governments has tripled since 1963 to 492 programs. Funding has increased tenfold since then to the current \$82 billion level.

Many of these programs in the tripartite Federal aid system of general revenue sharing, block grants, and categoricals address national needs and priorities and support State and local service delivery efforts. But the proliferation of categorical grants—particularly of small and excessively specific ones—has caused unnecessary program fragmentation and duplication in the current aid system. Among other things, this strains the already overtaxed congressional capacity for effective program oversight. The numerous conditions attached to these grants have resulted in costly and time consuming administrative procedures and have at times severely constrained State and local discretion in resource allocation decisions.

These developments should be viewed in light of the unabated trend toward a larger Federal Government role in domestic affairs raise issues of interest to all who are concerned about the health and stability of our governmental system.

The basic issue here is one of intergovernmental balance. As the Federal Government with increased frequency uses highly conditioned categorical grants in policy areas traditionally the domain of State and local governments, this basic precept of intergovernmental balance is jeopardized. This results in some subnational governmental units becoming mere ministerial arms of the Federal checkwriter and attempts to distort all traditional concepts of Federated partnership.

Some of the concepts have been in a statement submitted for the record, and I won't dwell on them this morning.

The many problems associated with categorical grants have resulted in numerous reform proposals, including the call for consolidation. The recent decrease in Federal aid growth rates and the current cutback management atmosphere at the State and local

<sup>1</sup> See p. 55 for the prepared statement of Mr. Stenberg.

levels have further rekindled interest in consolidation after a hiatus of some years.

Basically, advocates of program consolidation see this as a way to reduce overhead costs, increase recipient discretion and generalist government control, as well as eliminate the problems of narrow program specificity and overlap.

While it is difficult to estimate possible consolidation cost savings, the consensus of opinion is that some savings can be expected. The Office of Management and Budget as well as the General Accounting Office are on record supporting consolidation for this purpose. OMB is studying various consolidation possibilities for the fiscal year 1981 budget.

Various States—Connecticut, South Carolina, and Texas—as well as organizations representing elected officials such as the National Conference of State Legislatures and the National Governors' Association, have considered consolidation possibilities as a means of reducing overhead costs. The National Governors' Association in fact has proposed a 10-percent reduction in Federal programs to State in exchange for greater flexibility such as that offered by consolidation.

Legislation enacted in the last 2 years concerning the merging of U.S. insular areas, older Americans, and forestry programs indicate that consolidation is not an exercise in political futility. The prevalent notion that consolidation efforts are hopeless is belied by the fact that merger proposals have received bipartisan support, cleared congressional committees, and been enacted and signed into law by the President.

Based on past experience, the most appropriate candidates for consolidation appear to be programs: Closely related by functional area; with similar objectives; and linked to the same kinds of recipient jurisdiction.

Other considerations to take into account include clientele served, geographic region, types of grants affected, matching requirements and congressional committees involved.

Programs can be merged structurally by combining their authorizations, modifying eligibility requirements and perhaps shifting the jurisdiction of the Federal administrative agency and giving recipients greater discretion over resource allocation. A procedural consolidation, on the other hand, does not change basic program structure. Instead, it aims at reducing overhead by simplifying and combining planning, application, funding, reporting, auditing and other administrative requirements. Consolidation by title occurs when a number of programs are grouped under the same heading for conceptual reasons as in the case of S. 1898, the National Child Nutrition Act. Though the programs are separately authorized and administered, it is hoped that this form of consolidation will reduce administrative confusion—in this case by clarifying legislative language.

Turning to specifically the food nutrition program area, then, generally speaking, the programs proposed for merger in S. 605 seem appropriate consolidation candidates insofar as they are related by function, objectives and jurisdiction. ACIR has pinpointed food distribution and child nutrition programs as meriting close

scrutiny by Congress and Federal agencies for consolidation potential, which we would like to submit for the record.

I would like to submit for the record a Commission statement outlining the different consolidation formats and a list of programs we feel might be considered as consolidation candidates.<sup>1</sup>

In the case of the consolidations proposed in S. 605, the following questions appear and we would suggest warrant further examination by the committee.

First, how easy would it be for a single State agency to administer the consolidated programs of S. 605? Currently they are being dealt with by State health, education as well as welfare departments.

How will the varying matching requirements be handled for different programs? Will the States be required to match the total amount of Federal funds at some specified ration?

How closely does the 7½ percent State administrative cost figure reflect the actual cost of managing food and nutrition programs?

How necessary really is the State-matched 10 percent bonus? Do States need this incentive if they seriously want program consolidation?

We are aware that the Department of Agriculture is currently administering—in cooperation with State program representatives—consolidated plans, requirements, and letters of credit for the five child nutrition programs in a number of States. Although no firm figures exist to document the amount of administrative cost savings, apparently the general sense of Federal and State program administrators involved in this effort is that it has been a success in reducing duplication of effort and administrative headaches. The Department of Agriculture is to be commended for taking this initiative.

The approach to simplifying program administration embodied in S. 605 parallels the current Department of Agriculture effort to this end. In addition to lending much needed congressional support to the streamlining of grant administration procedures, S. 605 would provide interested States with a statutorily based option of choosing increased flexibility of consolidated programs or retaining the present system with the burden of grant oversight on the Federal Government. If the procedural approach of S. 605 proves successful in reducing administrative burdens and increasing recipient discretion, it may eventually lead to more structural consolidations in this area.

In a time of scarce resources and high rates of inflation, new approaches are needed to adequately address the intergovernmental challenges facing this Nation. This calls for flexibility and a willingness to negotiate on the part of the many groups, including the Congress, that make up the system. Interest groups at the national level must relinquish some of their program control in exchange for more flexible program administration. This is a necessary tradeoff if we are to improve or even maintain the existing level of service delivery in the eighties.

Some would say, as we have heard this morning, that the grant system works well enough in its current condition; funds are distributed and services are delivered. While this point may have some

<sup>1</sup> See p. 59 for the Commission statement.



validity, it is our view that the current grant structure too often is characterized by fiscal inefficiency, administrative ineffectiveness and poor accountability. The optimal grant delivery system would contain fewer procedural requirements and would permit greater flexibility for tailoring programs to the needs of various recipients. Consolidation, then, in our view, is a means of unfettering the current highly conditioned grant system and meeting these ends.

Ultimately, consolidation could redress the growing imbalance now apparent in our intergovernmental system.

We would again like to congratulate this committee for considering consolidated food and nutrition program legislation, and stand ready to respond to any questions you would wish to put to us.

Thank you.

Senator MCGOVERN. Thank you very much, Mr. Stenberg.

Ms. Wynn, I have a couple of questions I wanted to address to you. As I read S. 605, Senator Bellmon's bill, it would protect the amount of Federal funding going to States for child nutrition and yet give the States greater flexibility.

I'm wondering if you don't feel some sympathy at least with the goals of this legislation?

Ms. WYNN. Yes. I think I did indicate in my testimony that while we feel there is some merit, but also I do not see how a school district—let me go back a little further.

The Congress has indicated a commitment to the—

Senator MCGOVERN. What I am getting at, I am just wondering if there are modifications in the legislation that might make it acceptable to you? In other words, if there is some basic worth in the overall legislation or changes that have occurred to you and your associates that might make the legislation—

Ms. WYNN. The areas of concern that would need to be addressed are our concern over competing within the single State agency with other agencies for funding that would enable school districts to write budgets and project sale prices for paying students.

There is a portion of the bill that states in the event the appropriation is not sufficient, there will be a reduction across the board. I don't know how school districts would operate a lunch program with that type of funding.

They do try to make the school lunch programs themselves self-supporting, because they are trying to protect the education funds. I think that is a problem we need to be addressing.

Senator MCGOVERN. Senator Bellmon, do you have questions?

Senator BELLMON. I was a little surprised at the statement on page 2 where you say that S. 605 would require that available funds for children's food be directed to essentially needy children.

I assume that concern arises out of the language on page 9 where we say, a comprehensive assessment is made to determine nutritional need, so forth.

Would you feel better if we struck the word "neediest" and made the assessment cover all of the citizens of the States? We were trying to show our concern about the lower income people, but I can understand, particularly with the school lunch program, how we can be concerned about other students as well.

Perhaps we would strike the word, "neediest." Would that help?

Ms. WYNN. That would certainly help, yes, sir.

Senator BELLMON. Mr Chairman, I would like to consider that possibility. That is on page 9, line 16. Also I would like to make it clear that S. 605 does not require that the single-State agency administer these programs. It can certainly delegate to other agencies. We felt there was a need to have someone in the State in charge, rather than have the authority scattered over many agencies.

That language about cutting back in the appropriation is just boilerplate; it is in all the bills.

Ms. WYNN. It has not been a problem with our entitlement programs up to this point.

Senator MCGOVERN. Thank you, Mr. Stenberg. We may have further questions to submit to you, but in the interests of time, we will forego further questions at this time. I do appreciate your testimony.

Mr. STENBERG. Fine. We would be happy to respond to questions.

Senator MCGOVERN. Our next witnesses are Dr. George Graham and Dr. Frederick Trowbridge, both of the Johns Hopkins University in Baltimore.

And we are happy to welcome you doctors to the committee this morning. I think we will begin with Dr. Graham, and then hear from Dr. Trowbridge.

**STATEMENTS OF GEORGE G. GRAHAM, M.D., PROFESSOR OF HUMAN NUTRITION AND PEDIATRICS, JOHNS HOPKINS UNIVERSITY, BALTIMORE, MD.; AND FREDERICK L. TROWBRIDGE, M.D., DEPARTMENT OF INTERNATIONAL HEALTH, DIVISION OF HUMAN NUTRITION, JOHNS HOPKINS UNIVERSITY**

Dr. GRAHAM. I will try to abbreviate my comments in the interest of time.

I have submitted a written document.<sup>1</sup>

Senator MCGOVERN. I will ask that any prepared statements be printed.

Dr. GRAHAM. In listening to Dr. Fersh earlier this morning, I was a little confused as to where I was, because he seemed to imply that malnutrition and hunger were rampant in this country.

We don't know whether the programs have produced the results that we expected of them. They probably have, but it is extremely difficult, as has been recognized by this committee, by the General Accounting Office, to really know whether results can be attributed to programs.

We also know that the problem is quite different from what we started with, or we assumed it was, 11 years ago.

This committee and the Congress has recognized that overnutrition is by far the most prevalent form of malnutrition in this country. Undernutrition is sporadic, and still exists among specific groups, sometimes alarmingly, as among the elderly. I am not sure that the present fragmented structure is capable of coping with the problem. It is a complex social problem, and undernutrition or overnutrition are manifestations of social malaise, to use a current phrase; food may be a very important component of coping with the problem, but it is not the only component.

<sup>1</sup> See p. 70 for the prepared statement of Dr. Graham.

I think this proposed legislation is an extremely important first step in the right direction to consolidating these programs, among themselves, and of relating them properly to other existing programs in the States.

In my role as a pediatrician, if I see a child who is not growing well, I know there is something wrong. First, we rule out medical causes, but then we have to start looking for social causes. The last severe case of undernutrition we saw was in a child of highly educated parents, but the mother was a vegetarian, and she was imposing her ideas on the feeding of this child, who as a result would be classified as severely undernourished. He was not sick, fortunately, and should recover well.

The problem of undernutrition is not as simple as we might hope, nor likely to be solved by scattering around enough food to hopefully reach those who need it the most. Too often these are the very people who do not seek help.

I think one of the special aspects of this proposed legislation, and I would hope that only a few States initially would opt for this alternative, is that their proposals would be very carefully thought out, very carefully evaluated by Agriculture before being approved, and this would give us the opportunity to look at some imaginative approaches to deal with malnutrition as it exists in different States.

Undernutrition is sporadic; it needs very innovative approaches to root it out. Unfortunately, the people who really suffer from malnutrition seldom show up in our health facilities, and are most often missed by our surveys. And I envision that this area, that of case-finding, is one of those in which I would expect different States, putting their best talents to work, to come up with innovative and effective approaches.

On the other hand, overnutrition is primarily a problem of nutrition education, as the Congress has seen, and has begun to nudge the whole nutrition community over to accepting. We seem to be working from opposite ends, however, with many who would like to push more food on people who are already overnourished.

Overnutrition and obesity are primarily a problem of the poor, not of the well-off. Part of this is a complex sociocultural problem having to do with their background and past history. A concerted effort is needed to cope with it.

I would personally be very pleased to see this legislation go forward. I objected in my written testimony to needy, because the implication is that a certain level of income automatically defines you as well-nourished or poorly nourished. It is not that simple. It also frightens off a number of elderly people from taking advantage of needed existing programs because of the welfare implications.

I think it is important to separate the welfare concept from the nutrition concept. And with the proposed change, I think that would be very effectively done. Thank you.

Senator MCGOVERN. Dr. Graham, on page 2 of your statement you say—I am quoting now—that, “It would be a mistake to assume that involuntary undernutrition no longer exists in this country.” And I agree with that.

If you agree, then, that poverty is one of the causes of undernutrition—I presume that is what you are referring to here—would you feel comfortable giving discretion to a State to not serve low-income population in any way if it so chooses?

My understanding is, that is one of the flexibilities in Senator Bellmon's bill, and it concerns me somewhat if you had a disposition in a State to do so, they could really eliminate the so-called low-income populations.

For example, the free lunch program in the schools, if I read Senator Bellmon's bill properly, if the State chose to do so, they could eliminate it.

Senator BELLMON. I don't think that is true. USDA would have to agree with the plans the State developed.

Dr. GRAHAM. I thought the bill also created a number of channels for objecting to changes. That would not be very easy.

Senator MCGOVERN. That is one of the points I would like to bring out.

Dr. GRAHAM. I thought there were strong checks and balances. My objection is to the problems WIC has had. As written, it referred to people as "nutritional risk," but the way that was interpreted varied from area to area. In some areas, being part of a particular population automatically qualified families as being at risk, and in others, nutritional criteria were used.

These things need to be reconciled. And I think it will be an advantage to have a diversity of approaches in a number of States. I would urge the USDA to be very careful in how many were approved initially.

Senator MCGOVERN. I think the fact that Senator Bellmon and Senator Domenici have drafted the bill in such a way that it is voluntary, probably, as a practical matter, would achieve the objective you are after, that of limiting it initially to a few States. I think it is quite unlikely you are going to have 50 States sign up for a restructuring of this program overnight, if this legislation were passed.

So as a practical matter we probably would end up with a handful of States opting to move under the consolidation and restructuring of this bill.

Maybe we should move on to Dr. Trowbridge. Then if there are additional questions from Senator Bellmon or Senator Hayakawa, we will save them until we have heard from you, Dr. Trowbridge.

Dr. TROWBRIDGE. Thank you, Mr. Chairman.

I would like to direct my comments specifically to the means of carrying out the assessment as required in this bill, which is my particular area of interest. In reading through the bill, a few concerns do arise that I would like to address. In the interest of time I will try to summarize my written comments.<sup>1</sup>

First of all, to review the concept of the type of malnutrition which would need to be assessed, I would like to underline the comments of Dr. Graham in avoiding the characterization of nutritional problems in the United States as principally those of undernutrition.

I think this was the predominant theme of the assessments that were made in the previous decade, but that we have come to

<sup>1</sup> See p. 72 of the prepared statement of Dr. Trowbridge.

realize that overnutrition is by far the most prevalent problem. This realization implies that we don't want to continue, expand, or in other ways promote programs which may, while trying to deal with undernutrition, in fact emphasize the larger problem of overnutrition.

Recent figures from the National Center for Health Statistics indicate that among white women below the poverty level, 25-30 percent were characterized as obese. Among black women, also in the low-income group, 30-35 percent were characterized as obese. These data serve to indicate the magnitude of the problem.

Senator MCGOVERN. Dr. Trowbridge, that was one of the problems we had in the early hearings, 9 or 10 years ago. We would go into areas where we were hearing from poor people testifying on the problems of hunger and malnutrition. Frequently, you would have poor women testifying who weighed 200 pounds. And people around the committee would scoff at the notion that they were very poor if they could be so heavy.

But as you pointed out here today, obesity seems to follow poverty more than it does affluence. You find people of higher income levels more aware of the importance of weight and obesity. I think that is a point the committee had to come to rather slowly, but I think it is a point that every member of the committee now understands.

Dr. TROWBRIDGE. As a piece of information which underlines that observation, in the evaluation of the WIC program done by Dr. Edozien, the children who seemed to benefit most in terms of proper growth during participation in the program were those who had the best nutritional status at the start.

There does seem to be a relationship between people who know how to work with the system, and who do take advantage of it. It may be that those already best off take the best advantage of the system. It is extremely difficult to target programs to the small groups and often isolated individuals who really do have nutritional problems. This is an ongoing problem with these types of programs.

I would like to express a few concerns regarding the approaches that might be taken to assessing nutritional problems under the proposed bill. First of all, I would like to comment on the use of income criteria as the sole criteria for identifying nutritional needs in a State.

Certainly it has been demonstrated in numerous studies that lower family income is associated with lower growth of children, and with somewhat decreased average nutritional intake. However, the fact that obesity is found in a higher prevalence in poorer women than among better off women indicates the complexity of this relationship. Merely identifying that there is a certain percentage of people in a State that have a certain low income level would not, in itself, be a demonstration of nutritional need.

I would emphasize the possibility of using existing data within the States to characterize nutritional status. Survey data are available in many States. There is a background of experience with isolated populations in the States that may indicate the populations that are at particular risk. Also, there has been an increasing development of programs of surveillance using data from health

facilities. The Center for Disease Control has now, I understand, approximately 25 States that are beginning to participate in the routine collection of data. These data sources might be used in nutrition assessment.

In searching for new sources of data, I would suggest that the concept of a large-scale, sample survey being done in each State would be a step in the wrong direction. We have experience with trying to do such surveys; for example, the 10-State nutrition survey, I was involved in the analysis of data from this survey. The analysis took years to carry out, and I think the practical results were not consistent with the amount of effort and time invested.

The alternative approach of careful targeting of small-scale surveys to specific high-risk populations might be much more appropriate.

I would like to comment also in relation to the possible use of funds under this legislation for nutrition-related but nonfood services.

If through surveillance or other mechanisms children are identified as undernourished, it may well be that their problems are not fundamentally food problems but rather social and environmental problems. I don't know what flexibility there might be in designing this legislation, but if it were possible that children identified as malnourished could receive services outside strictly food-related services, perhaps through the same funding mechanism, that this would address more directly the causes of the problems in many of these children. It could avoid inevitably providing them just with food when, in fact, other more socially based problems were the origin of their difficulty.

Senator MCGOVERN. Thank you, Dr. Trowbridge.

Earlier this year we conducted a hearing before the committee to review the progress that has been made in the last 10 years in dealing with the problems of malnutrition in the United States. We had a team of doctors testify and I am sure you are familiar with it, sponsored by the Field Foundation, the same foundation that had, in effect, looked at the hunger problem in part of the country a decade ago.

They testified at our hearing, "Our first and overwhelming impression is that there are far fewer grossly malnourished people in this country than there were 10 years ago." And they went on to say they thought the Nation's feeding programs had made a substantial difference in redressing the amount of malnutrition.

Would you generally agree with that conclusion?

Dr. TROWBRIDGE. It seems to me that we are now in a situation where undernutrition is much more isolated than it was sometime ago. And that, therefore, a reorientation of programs to try to deal with these individual cases or small isolated groups of cases may be more beneficial, rather than continuing with large-scale and less specifically directed programs.

Senator MCGOVERN. Dr. Graham, maybe I could point pretty much the same question to you.

In that hearing, Dr. Raymond Wheeler of the medical center in Charlotte, N.C., made this statement:

There can be little doubt that this generous outpouring of money for food and medical care by our government, and by concerned citizens over the past ten years

has saved many lives, and relieved great suffering, the statistics speaking eloquently to this point.

I just wondered if you think he is generally right, or what your reaction is? This hearing, as you may recall from the press on it, was generally kind of an upbeat report on the impact of the food assistance program over the past 10 years, although recognizing a good many of the problems are still with us.

Dr. GRAHAM. I am a difficult person to please. Although I may have the same impression, I do not see satisfactory proof. If we define malnutrition to include overnutrition, it may be getting worse.

What happens, unfortunately, is that most of the definitions of overnutrition or obesity refer to being over a certain percentile. If there is a shift up in those percentiles, the incidence remains the same, but when you look back a few years, it is amazingly higher.

If nothing else, I am grateful for the furor of 1968, because it called attention to the problem of nutrition. And as you pointed out, we gradually realized it was not that simple, and perhaps the biggest problem is improper nutrition, or wrong choice of foods. And to the extent that this has become the major thrust of a lot of the research and thinking going on about nutrition, I think it is a great step forward.

I think malnutrition is an indecency. It shouldn't exist. But I differ with the idea of a single overall approach to cope with it.

Senator MCGOVERN. That is your primary interest in this legislation, S. 605, that you think it gives a great opportunity to target on those problems?

Dr. GRAHAM. That is right.

Senator MCGOVERN. Senator Hayakawa?

Senator HAYAKAWA. Thank you, Chairman McGovern.

I am sorry I wasn't here earlier, but I was worrying about problems of small business, too. We have lots of things to worry about here.

Dr. Graham, I wonder if you would be so kind as to define overnutrition for me?

Dr. GRAHAM. This is extremely difficult. It is arbitrarily defined as being above a certain percentile. But if the average keeps going up, then the definition becomes more and more lenient.

Senator HAYAKAWA. Therefore, is there a medical definition of overnutrition, independent of the percentiles?

Dr. TROWBRIDGE. It is not a very satisfactory definition. The definition that has been used by the National Center for Health Statistics in characterizing its population data has been a percentile of the thickness of the fat fold on the arm. They have taken the 85th percentile of adults from 20-29 years of age, and said, this must be about what fatness should be, and anyone who gets beyond that is obese.

Senator HAYAKAWA. But that level keeps going up?

Dr. TROWBRIDGE. That level has been based on the most recent data which the NCHS is using, which is from the early seventies.

Senator HAYAKAWA. What are the basic sources from which the general public of the United States gets their nutritional education besides the family? Are there sufficiently well informed courses in elementary schools, high schools, so on, that gives this nutrition

education, or is it misguided, we get a lot of nutritional education from television commercials for this or that product?

How do we get our nutritional education in this country?

Dr. GRAHAM. I think it depends on your viewpoint. A great deal of the formal nutrition education may in fact encourage people to consume in rather large amounts the very same things that from the other end they are being told lead to arteriosclerosis, vascular disease, diabetes, and so forth.

So the poor public is caught in the middle, and is often victimized. One of the easiest ways to get rich now is to write a book about nutrition and diet. It is being done all the time. And the public undoubtedly is confused, but I think the effort is being made now to give coherence and guidance to approaches that reconcile the two extremes.

More people out there are pushing hard for more and more milk and butter and other things.

In figures quoted recently by Rene Dubois, the enormous increase in the growth of children in Japan since World War II is in close association with markedly increased drinking of milk and the eating of meat and eggs. It is very clear, but is it good? They are beginning to pay the price of overnutrition.

Senator MCGOVERN. I wonder if I could ask you to preside for the balance? I have to go to the Senate floor for a few minutes.

Senator BELLMON. I must also go. I would like to thank Doctors Graham and Trowbridge for being here.

Senator HAYAKAWA [presiding]. Forgive me for taking advantage of your presence here to ask fleeting questions that always bother me about nutrition, of which I am interested.

It always seems to me there is a kind of folk wisdom about nutrition among poor and uneducated people, so that every peasant folk, whether in China or France, and southern Negro, and so on, have a kind of sound diet that is based upon folk experience.

Am I wrong in thinking there is such a sound diet that is common in the world?

Dr. GRAHAM. There is a great deal of truth in that. If you look at the traditional diets, they have to be adequate or the people would have disappeared. Surely they were not necessarily conducive to maximum growth, but that may be an undesirable. There is good evidence to suggest that in some of the poorer countries, those who do manage to survive infancy and avoid severe malnutrition or diarrheal disease or tuberculosis, once they get to adult age with a smaller size, have a much longer healthy survival than those in this country whose nutrition was pushed to a maximum as infants and school children and who became football players and basketball players and then became spectators and grew laterally and have a great deal of increased morbidity from coronary disease, and so forth.

The ideal plane of nutrition for man has not been defined. Sometimes I think that we are feeding our children as if we were going to sacrifice and eat them; you know, the biggest size in the shortest period of time. That is obviously not wise.

Senator HAYAKAWA. Take this southern soul food among blacks. Is that pretty well balanced?



Dr. GRAHAM. Oh, exceedingly well. In the last few years we have had to accept different growth standards for black children, because they have outstripped the white children, which is obvious to anyone who watches television.

Senator HAYAKAWA. Are we getting very far away from folk wisdom in these matters?

Dr. GRAHAM. There is a danger. The real danger, as many see it, is also the real friend of the American women, and that is convenience. Many of the things that we do today in terms of food are done for convenience, because they have liberated the American woman from preparing three meals a day and spending all day in the kitchen.

School lunches are a good example. I wouldn't ever dare propose in my statement to abolish school lunch. I would have a bunch of women on my back.

If you started sending children back home for lunch, you would be in trouble.

Senator HAYAKAWA. Therefore, insofar as school lunches can be prepared against a background of sound nutritional knowledge, you could do a lot of good with it?

Dr. GRAHAM. Absolutely, I think the point that was raised today, and which is becoming more apparent, is that the concept of what is nutrition is not often bought by children. Very often for very good reasons. Many of the traditional favorite dishes of home economists that have been included in the school lunch program have been dutifully rejected and thrown out by the children, and have no real nutritional justification today.

Senator HAYAKAWA. You mean the children were right to throw them out?

Dr. GRAHAM. Most of the time they are right. For instance, there is a great myth about spinach. Spinach can even be dangerous. It is often contaminated with nitrites. And the iron in spinach is almost totally unavailable. To count the iron in spinach as important to the diet is a myth.

So that many of the things that children reject, children have the same folk wisdom you were talking about. The hamburger, even though people want to call it junk food, happens to be superb food. There are billions of people on this Earth who would be thrilled, and their nutrition would be thrilled, to have a hamburger once a day, based on cheese, or pizza, and milk and wheat.

I think we have to be very careful about what we call junk. There is a lot of junk being sold, but just because something is convenient does not make it junk.

Senator HAYAKAWA. Those are two different criteria?

Dr. GRAHAM. Yes.

Senator HAYAKAWA. Well, thank you very, very much, gentlemen.

Dr. GRAHAM. Thank you.

Senator HAYAKAWA. I guess I have to declare this hearing adjourned. The job has fallen on me.

[Whereupon, at 12:12 p.m., the subcommittee adjourned, subject to the call of the Chair.]

## APPENDIX

### STATEMENT OF HON. HENRY BELLMON, A U.S. SENATOR FROM OKLAHOMA

Mr. Chairman, I want to thank you for scheduling this hearing on S. 605, the Food and Nutrition Program Optional Consolidation and Reorganization Act of 1979. While it represents an approach different in concept from the traditional design of the categorical programs in this important legislative area, we believe that it holds possibilities for supporting and strengthening the important considerations underlying present programs. Also, we believe that S. 605 offers a much-needed opportunity to States to shape program design to more satisfactorily fit the real nutritional needs of their populations. In a country as large and diverse as this one is, it is inescapable that we have patterns of need at the local level which vary considerably state by state. No matter how well thought out and administered at the Federal level, it becomes impossible to structure a uniform program of food and nutrition which is universally appropriate across the country. We believe that those States which have the capability and the commitment to do so ought to have the opportunity to mold their own programs.

As introduced, S. 605 would establish a permanent program to provide States the option of consolidating the following Department of Agriculture programs:

(1) The food stamp program conducted under the Food Stamp Act of 1977; however, for reasons to be suggested later, I will offer an amendment to remove this program from the consolidation. Food stamps, therefore, will not be affected by this bill.

(2) The child feeding program conducted under the National School Lunch Act and the Child Nutrition Act of 1966, including the national school lunch program, the school breakfast program, the child care food program, the summer food service program, the special milk program, the special supplemental food program for women, infants, and children (the WIC Program), the food service equipment assistance program, state administrative expenses, and the nutritional training and survey program.

(3) The expanded food and nutrition education program conducted under the Smith-Lever Act (the EFNEP Program); and

(4) The commodity supplemental food program conducted under the Agriculture and Consumer Protection Act of 1973.

I want to stress, Mr. Chairman, that the consolidation of these programs is not mandatory upon all states but is an option to be exercised at the discretion of the State with the approval of the Secretary of Agriculture. Those States not wishing to move in this direction would simply continue operating with the present categorical programs. S. 605 proposes to tap the vital ingredient of State and local capability and motivation to allow the substantial improvement of programs by following a professional nutritional assessment of need and by using an open planning process for a two-year period.

From listening to witnesses at various hearings and from my visits to some of the programs we are consolidating in S. 605, Mr. Chairman, I am convinced that these food and nutrition programs are generally performing useful functions and are well accented by the States. However, the structure of State food and nutrition programs is largely determined by Federal categorical grants, and the growth of these categorical programs has reached the point where the States can see better ways to do the job. In a June, 1979 hearing before the Senate Budget Committee, Governor Snelling of Vermont, testifying for the National Governors' Association said " \* \* \* depending on the particular grant area that we are talking about \* \* \* savings of from 5 to as much as 20 percent are realizable." He said he believed that 10 percent is a very achievable goal. At the same time, States are aware of needs which are not addressed by existing categorical approaches, and it would be helpful if they could direct funds more sensibly.

S. 605, Mr. Chairman, would permit those States exercising the consolidation option to have greater flexibility in the use of Federal funds provided for food and

nutrition assistance than they presently have; it would permit the States to formulate, establish, and administer food and nutrition programs which match the requirements of their neediest populations; it would encourage the States to develop effective methods of educating their citizens regarding the health consequences of diet and nutrition; and it would encourage States to operate food and nutrition programs in an efficient and effective manner.

Under S. 605 a State exercising its option to consolidate would receive a planning grant for a two-year planning period in order to prepare a consolidated plan. The amount of the planning grant would not be more than two percent of the total funds received by the State in the most recent fiscal year for the programs to be consolidated, and in no case would it be less than \$500,000.

During the planning period, the State would designate a single State agency to perform the required assessments, formulate the State plan, receive and apportion the funds, monitor the progress of programs, prepare general guidelines, and examine all required reports and audits. This lead State agency would have the power to delegate its administrative functions and transfer funds to other appropriate State agencies, and it could enter into contracts with public and private agencies, organizations, and institutions for carrying out program activities.

The State plan would be based upon a comprehensive assessment of the food and nutritional requirements of the neediest people of the State, including, but not limited to, the children, infants, expectant mothers, elderly people, institutionalized populations, and isolated populations of the State, including segments of the State's population which may be suffering from nutritional imbalance as well as those segments which may be suffering from inadequate nutrition.

The planning for this consolidation would proceed through an open process requiring the participation of interested citizens, local organizations, health care providers, child care providers, educational agencies, units of general local government, and appropriate State agencies.

Those States which choose the consolidation would not be bound to pattern their State programs after existing Federal models. They would be charged with the responsibility of designing a package of programs that would meet the needs of populations as revealed by the assessment of need. The State plan would establish program priorities and would insure that funds would be coordinated with other State and Federal funds so as to avoid duplication of effort and to safeguard program effectiveness. The Secretary of Agriculture would approve the State plan, would monitor State programs to insure conformity with the Act and the State plan, would have the power to initiate various actions in the event of noncompliance, and would provide advice, counsel, and technical assistance upon request of State and local agencies. Funds provided to a State under the consolidation option would be subject to civil rights protections. Non-public school children would participate in the consolidated program. There would be criminal penalties for individual fraud in obtaining or using funds provided under this Act.

A State choosing to consolidate would receive funds equal to the total amount received by that State under the various categorical programs during the most recent four consecutive quarters. This amount would be adjusted each fiscal year to reflect changes in the price of food. Federal funds would have to be used to supplement, and not to supplant, State and local funds. Each State which exercises the option to consolidate would also be eligible for an additional amount of funds equal to up to 10 percent of the consolidated Federal funds, providing the State matched that amount with an equal amount of funds from non-Federal sources considering Federal-State revenue sharing funds to be non-Federal. No more than 7½ percent of the funds made available under this Act could be used for administrative purposes.

Finally, Mr. Chairman, I wish to offer some amendments to S. 605 as it was introduced. With one exception, these are clarifying and improving amendments, and are not of such a nature as to be controversial. One amendment, however, is substantial. It is to remove food stamps from the consolidation package. We are persuaded that food stamps are too widely regarded as an income maintenance item to be successfully consolidated into a nutrition program package. The possibility of a cash-out of food stamps at some future date through welfare reform also makes inclusion of this program problematic. I should point out, however, that, even with food stamps out of the consolidation package, the comprehensive state plan required under S. 605 would necessitate inclusion of the food stamp program for purposes of coordinating program expenditures and coverages so as to avoid unwanted duplication.

Also, Mr. Chairman, I would like to submit for the record a number of letters received from State Governors commenting on S. 605; a commentary on the bill

from the American Dietetic Association; an endorsement of the bill by the Oklahoma Medical Association; and a bill analysis by the Congressional Budget Office.

STATE OF MONTANA,  
OFFICE OF THE GOVERNOR,  
*Helena, May 11, 1979.*

Hon. Senators HENRY BELLMON and PETE DOMENICI,  
*U.S. Senate, Washington, D.C.*

DEAR SENATORS: Thank you for the opportunity to review S. 605—Food and Nutrition Program Optional Consolidation and Reorganization Act of 1979.

Clearly the Governors favor consolidation of federal programs and more state flexibility to meet particular needs. Your bill addresses those issues and takes the direction I like to see.

There is a potential problem with including the Food Stamp program within the consolidation. Currently food stamp recipients are able to use their food stamps across state lines. If each state had a different method of administering this program, this might not be possible. Is it possible to allow for some administrative leeway but still provide enough standardization so that recipients are not locked into one state program?

I appreciate the time and effort you are devoting to make some sense out of the confusion of federal programs.

Best regards.  
Sincerely,

THOMAS L. JUDGE, *Governor.*

STATE OF NEW YORK,  
EXECUTIVE CHAMBER,  
*Albany, June 13, 1979.*

Hon. HENRY L. BELLMON,  
*Russell Senate Office Building,*  
*U.S. Senate, Washington, D.C.*

DEAR SENATOR BELLMON: This is in reply to the letter from you and Senator Domenici forwarding a copy of your proposal S. 605, the "Food and Nutrition Program Optional Consolidation and Reorganization Act." This proposal clearly reflects considerable attention to problems associated with addressing the nutritional needs of Americans.

While there are certainly imperfections attending the administration of the various Federal programs designed to raise the Nation's nutritional standards, I must take exception with your assertion in the "Congressional Record" that there is little evidence of nutritional benefits derived from these programs. The positive conclusions of the Field Foundation Report on the nutritional impact of the Food Stamp Program, recently submitted to the Senate Agriculture Subcommittee on Nutrition, confirms what has been quite evident in New York State for some time. The Food Stamp and other nutritional programs have provided invaluable assistance in improving, and indeed in maintaining, the nutritional health of our disadvantaged populations both in highly urbanized and in isolated rural areas. Notwithstanding these results, the food and nutrition programs merit further review and possible revision.

My staff and I will undertake a thorough analysis of your proposal for optional consolidation of these programs and I will certainly advise Senators Moynihan and Javits of our assessment. Thank you for sharing your views with me.

Sincerely,

HUGH L. CAREY.

OFFICE OF THE GOVERNOR,  
STATE CAPITOL,  
*Austin, Tex., May 22, 1979.*

Hon. HENRY BELLMON,  
*U.S. Senate,*  
*Washington, D.C.*

DEAR HENRY: Thank you for the opportunity to comment on S. 605, the Food and Nutrition Program Optional Consolidation and Reorganization Act.

While we support the concept of consolidation of Federal categorical grant programs for state administrations, we do have some reservations about S. 605 in relation to our own state. The 14 programs currently administered and affected seem to be working well in Texas. Each of the programs are designed to serve the

needs of different audiences and therefore enhance the acceptance of and participation in the program. For example, many elderly persons who have serious nutritional needs would not participate in a program if any connotation of "welfare" was associated with it.

It is recognized that the provisions of S. 605 affords a state the option of selecting the consolidation and reorganization program as authorized by the act or continuing present programs. However, the "optional plan" does not appear to be a desirable approach for the long-run.

In Texas, we have just created a Special Committee to conduct a thorough study of the delivery of human services conducted in Texas. The study is to include State and Federal laws relating to such services.

Another concern of ours is the possibility that the funds now being received by the states as categorical grants may be discontinued or greatly reduced in the effort to balance the national budget. Such action would tend to place greater pressure on the State to continue the programs if the State had assumed the responsibility for them with the aid of Federal funds.

In view of our new study commissioned and some of these other factors mentioned, I must in all candor indicate that S. 605 has limited special interest for Texas at this time.

Sincerely,

WILLIAM P. CLEMENTS, Jr., *Governor.*

OFFICE OF THE GOVERNOR,  
*Pago Pago, American Samoa, May 16, 1979.*

Hon. HENRY BELLMON,  
*U.S. Senate,*  
*Washington, D.C.*

DEAR SENATOR BELLMON: Since, as you know, American Samoa is not yet officially represented in the Congress, I am, in response to your letter of April 9, 1979, indicating directly my support of the proposed Food and Nutrition Program Optional Consolidation and Reorganization Act (S. 605).

This measure has been reviewed by several appropriate agencies in our government and all agree that this legislation provides the potential for more meaningful programs, using federal assistance, in the food and nutrition field. The keys to this proposal, of course, are the recognition of widely-varying situations throughout the nation and the promise of state and territorial ability to administer a consolidation of federal programs specially designed to meet actual needs more effectively. We think that American Samoa, with its remote geographical location and unique cultural heritage, is a perfect example for supporting this approach.

I appreciate the opportunity to endorse and your concern for this legislation.

Sincerely,

PETER TALI COLEMAN,  
*Governor.*

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS,  
OFFICE OF THE GOVERNOR,  
*Saipan, Northern Mariana Islands, May 17, 1979.*

Hon. HENRY BELLMON,  
*U.S. Senate,*  
*Washington, D.C.*

DEAR SENATOR BELLMON: Thank you for your letter of April 9, 1979, inviting us to comment on U.S. Senate Bill S. 605: Food and Nutrition Program Optional Consolidation and Reorganization Act. I have asked my staff to review this bill. Their and my review found the legislation to have potential benefits to the Commonwealth of the Northern Mariana Islands, and we therefore endorse it.

As you are aware, the Commonwealth of the Northern Mariana Islands has recently become eligible for a wide range of federal food and nutrition programs administered by the United States Department of Agriculture. We are presently in the process of making applications for these programs which, prior to this time, have been administered by officials of the Trust Territory of the Pacific Islands.

This planning process has helped us become uncomfortably aware of the inapplicability and inappropriateness to the CNMI of food programs which were designed to meet the needs of the continental United States. We are concerned with the possible detrimental effects these broad categorical programs may have on social, political and, most particularly, economic development in the Commonwealth. Our goal has been and continues to be to adequately provide for the basic needs of each

citizen, but to do this in such a way as to continue to encourage individual motivation and incentive.

We are concerned that these programs are being applied to our island commonwealth without allowing us to take the very necessary step of assessing the nutritional needs, and selecting food and nutrition program goals appropriate to our unique requirements. In short, we are not being given the opportunity to develop a nutrition policy which would insure optimum health without hampering progress toward the goal of economic self-sufficiency.

Federal programs, however well-intentioned, can only help those who help themselves. Improvement in the nutritional status of our population depends to a great extent on the will and capability of individual citizens. S. 605 would give us the means of capitalizing on our own resources.

We wish you success in your efforts to enact this bill. If we can be of assistance in the passage of this important piece of legislation please advise.

Sincerely yours,

CARLOS S. CAMACHO, *Governor.*

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS,  
OFFICE OF THE GOVERNOR,  
*Saipan, Mariana Islands, May 21, 1979.*

Hon. HENRY BELLMON,  
*U.S. Senate,*  
*Washington, D.C.*

DEAR SENATOR BELLMON: Thank you for your letter of April 9, 1979, in which you requested our views on Senate Resolution 5-605 which purposes to authorize a consolidation of Federal categorical food and nutritional programs by the States and Territories.

I believe that the provision for local design of food and nutrition programs as proposed in the bill would enable the Territories to tailor the programs that will meet local social and economic conditions especially appropriate to the Commonwealth of the Northern Mariana Islands.

I am particularly delighted that the bill provides for a planning grant prior to the actual program consolidation. The reintroduction of S. 605 on the Senate floor comes at a time when we are reviewing vital statistical data and uncovering serious health outcomes of diet directly and indirectly linked to the apparent lack of planning and unanticipated consequences in the present CNMI food and nutritional programs. Therefore, I warmly endorse the intent of this legislation and will urge our Commonwealth Representative to the United States to also actively support this bill.

Hafa Adai,

FRANCISCO C. ADA,  
*Acting Governor.*

STATE OF NEVADA,  
EXECUTIVE CHAMBER,  
*Carson City, June 4, 1979.*

Hon. HENRY BELLMON,  
*U.S. Senate,*  
*Washington, D.C.*

DEAR SENATOR BELLMON: Thank you for your letter regarding the Food and Nutrition Program Optional Consolidation and Reorganization Act embodied in S. 605. I appreciate the opportunity to comment.

It is my understanding the proposed legislation would give states the option of consolidating several Federally-funded feeding programs. I agree with the concept generally but I am also concerned about the maintenance of delivery systems necessary to assure continued success of the various programs. As you know, recipients of nutrition benefits include infants, children in child care centers, school children, expectant mothers, the elderly, institutionalized persons and persons residing in isolated areas.

In Nevada, several State agencies are organized to administer Federal programs for specific populations. For example, the State Department of Education administers Federally-funded nutrition programs for children enrolled in school or of school age. Also, the Department of Human Resources (Division of Aging Services) is organized to administer nutrition programs for the elderly.

The combining of all feeding and nutrition programs might serve to create an additional State agency with new problems. Accordingly, I would suggest that these and other concerns should be carefully weighed in the legislative process.

Thank you for providing an opportunity to comment.

Sincerely,

ROBERT LIST, *Governor.*

STATE OF WISCONSIN,  
OFFICE OF THE GOVERNOR,  
*Madison, June 8, 1979.*

HON. HENRY BELLMON,  
*Russell Senate Office Building,  
Washington, D.C.*

DEAR SENATOR BELLMON: You have asked the various States to review and comment on the proposed Food and Nutrition Program Optional Consolidation and Reorganization Act bill. I am pleased that you asked for our analysis and I hope our suggestions will be of use to you.

We find that the bill has several meritorious features, Chief among these is giving the States the option of accepting the consolidation plan or continuing with the existing categorical plans. This flexibility is desirable to accommodate the specific requirements of the various States. The development of a state plan and the provisions for an annual evaluation on the program for States opting to participate are reasonable and necessary provisions. The ability to consolidate the fourteen food and nutrition plans also has the potential of encouraging States to operate their food and nutrition programs in a more effective manner. The primary advantages we see is that the bill allows flexibility in using the federal funds for these programs as well as providing additional federal funding to the States which participate.

However we do see disadvantages in this approach. The majority of the food and nutrition programs are now assigned to two major State agencies in Wisconsin. These are the Department of Public Instruction and the Department of Health and Social Services. The University of Wisconsin administers the Expanded Food and Nutrition Program. The assigned food and nutrition programs parallels these agencies' mission and goals. For example, the School Food Service Programs, which are administered by the Department of Public Instruction, are designed for the school age child. These programs are not compatible with the Department's goals but are supportive of them. Similarly, such activities in the Department of Health and Social Services as the Women, Infants and Children program strongly emphasizes prenatal and early childhood health care and is administered as an integral service along with other programs designed to prevent illness and to promote child health. The mechanisms and expertise for administration of the categorical programs presently exist within these two agencies and are supportive of related services.

Creating a new agency or placing all of these programs into one department could result in coordination problems with other services and would necessitate the designated agency to establish additional service delivery mechanism. Moreover, a single central agency would have to align its programs with the goals and objectives of the other state programs. This alignment might be more easily and effectively accomplished by having each State agency administer the various programs having an intent and purpose similar to its own basic objectives. We are concerned that the establishment of new structures and mechanisms for coordinators will increase the overall costs of administering these programs.

Finally we suggest that other alternatives be explored to achieve the objectives of program flexibility. More attention might be given to reducing the administrative red tape in existing categorical programs and permitting the States an opportunity to simplify present procedures in the programs they already administer. The feasibility of consolidating programs within each agency should be considered as a possible way of achieving flexibility.

Thank you again for asking us to comment on the bill.

Sincerely,

LEE SHERMAN DREYFUS,  
*Governor.*

STATE OF MARYLAND,  
EXECUTIVE DEPARTMENT,  
Annapolis, Md., April 30, 1979.

Hon. HENRY BELLMON,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR BELLMON: Thank you for advising me of the introduction of S. 605 which would allow the States to consolidate and reorganize certain food programs administered by the United States Department of Agriculture for needy persons.

I support the concept of this legislation in that it provides the States with the opportunity to determine on their own whether or not to participate in this program.

If the legislation is passed, Maryland would then evaluate the situation in our State relating to these programs and determine whether to take advantage of the provisions of the act.

Thank you for your interest in assisting the States to participate more fully in the implementation of this program.

Sincerely,

HARRY HUGHES, *Governor*.

OFFICE OF THE GOVERNOR,  
STATE CAPITOL,  
Boise, May 2, 1979.

Hon. HENRY BELLMON,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR BELLMON: Thank you for giving me the opportunity to review the Food and Nutrition Program Optional Consolidation and Reorganization Act.

I can certainly support this legislation as proposed in S. 605. I particularly appreciate the recognition of a State's capabilities to tailor federal programs to local needs and the opportunity for its citizens to determine whom these programs will serve. I suggest consideration be given to an amendment to the bill which would require States opting for consolidation to define terms consistently with the terminology used in that State's AFDC program. This would lead to better coordination with the AFDC program and should result in more efficient administration.

Consolidation of the administration of the various nutrition programs should result in administrative cost savings, which is a primary goal of State government and the taxpayers. It should also result in better service to target populations.

I will be happy to advise Idaho's Congressional delegation of my support of this legislation.

Sincerely,

JOHN V. EVANS, *Governor*.

STATE OF HAWAII,  
EXECUTIVE CHAMBERS,  
Honolulu, May 17, 1979.

Hon. HENRY BELLMON,  
Hon. PETE DOMENICI,  
U.S. Senate,  
Washington, D.C.

DEAR SENATORS BELLMON AND DOMENICI: Thank you for your letter of April 9, 1979, with the excerpt from the Congressional Record of March 8, 1979, providing details on S. 605. As a general rule, we are supportive of federal legislation that would provide States with greater flexibility in administering federally funded programs. We endorse the concept of a consolidated, local level administration of the 14 USDA food programs. S. 605 requires imaginative planning and could result in a simple delivery of food benefits to the targeted groups.

We concur with the 10 percent incentive in federal funds for participating in this plan, and we recommend that the bill provide for voluntary participation, since not all states will be able to reorganize in the light of the state governmental structure. Furthermore, we recommend that the 7½ percent limitation on administrative cost be lifted since costs vary from state to state. It may be necessary to exceed the 7½ percent administrative cost in order to meet federal requirements.

There are several other concerns which we would like to address:

First, the required State Plan places emphasis on assistance to the "neediest persons" and would presumably be assessed from that viewpoint. In contrast, the



National School Lunch Program was established to safeguard the health and well-being of all of the nation's children. S. 605 appears to shift such emphasis.

Secondly, Section 5(c) of S. 605 permits adjustments based on the index of food prices. Expansion of a program element would be limited and would require a state to fund 50 percent of any expansion. Currently, there is not a comparable demand upon the states.

We hope that you will consider these suggestions during your deliberations on S. 605. We believe that the consolidated State administration of USDA programs would help to meet the food and nutrition needs of the people of Hawaii and maximize the effectiveness of the dollars expended.

With warm personal regards, I remain,

Yours very truly,

GEORGE R. ARIYOSHI.

STATE OF OKLAHOMA,  
OFFICE OF THE GOVERNOR,  
Oklahoma City, Okla., May 15, 1979.

Hon. HENRY BELLMON,  
Russell Senate Office Building,  
Washington, D.C.

DEAR HENRY: Your letter of April 9, 1979, with a copy of the Food and Nutrition Program Optional Consolidation Act, Senate Bill 605, was received with interest. It is heartening to see an effort on behalf of Congress to maximize the effectiveness of the tax dollars expended.

However, after consultation with various agencies and organizations in the State, we have some reservations as to whether the creation of another federal agency with the purpose of managing all the various nutrition programs would be effective, either programmatically or cost effective. The programs involved are now in different state agencies, created for different purposes and with different goals and guidelines. It is conceivable that some pulling together of programs would be beneficial, but attempting to consolidate within the narrow time-table spoken to in the bill seems unwieldy and could not help but confuse the program on the state and local level. Such a comprehensive program should be prefaced by a new nutritional surveillance to determine the status of all target populations and areas involved. Past surveys would be of little value in evaluating pockets of greatest need in specific states. It is the opinion of our resource people that a minimum of five years of planning should be contemplated before such a consolidation could take place.

There is another problem concerning methods and techniques of evaluation of programs. To date, there is no acceptable evaluation of the majority of the food and nutrition programs.

We appreciate the approach which will give the individual states the option to tailor-make food and nutrition programs, but fear that the long-term effect would be one of requiring the consolidation of state programs, with the resulting necessity of creating another state agency at a time when we are attempting to limit the size of state government.

If consolidation is the goal and the primary purpose is to improve the nutritional status of the citizens, then such a program placed under the overall supervision of a health care agency would perhaps be more effective.

Again, we appreciate the opportunity to comment on this piece of legislation.

Sincerely,

GEORGE NIGH.

STATE OF ALABAMA,  
GOVERNOR'S OFFICE,  
Montgomery, May 21, 1979.

Hon. HENRY BELLMON,  
Hon. PETE V. DOMENICI,  
U.S. Senate,  
Washington, D.C.

DEAR SENATORS: Your letter relative to the Food and Nutrition Program Optional Consolidation and Reorganization Act, S. 605, has been received. We appreciate your sending us a copy of the bill and the accompanying floor statements pertaining to this legislation.

This proposed bill seems to provide to the states an opportunity to reorganize food and nutrition programs, which are at the present time federally determined, so that they can be developed and administered to fit individual state and local needs.

These needs, of course, vary considerably from state to state. I favor such a decentralized approach to the Federal food and nutrition programs. The premise that all programs must be designed in Washington and applied to every state, whether or not they adequately fit that state's needs, is very difficult to live with. If the states were granted the option of consolidating a number of Federal categorical food and nutrition programs, the States would be free to design packages which would meet the needs of their particular populations and program duplication would be eliminated. Another desirable feature of the proposed bill is the increased Federal funding to states of up to 10 percent for food and nutrition and up to 20 percent if funds are matched. The greater flexibility in use of Federal funds would be most beneficial to states in allowing them to develop programs to fulfill the needs of their citizens.

Sincerely,

FOB JAMES.

OFFICE OF THE GOVERNOR,  
STATE CAPITOL,  
Salem, Oreg., April 27, 1979.

HON. HENRY BELLMON,  
HON. PETE V. DOMENICI,  
Russell Senate Office Building,  
Washington, D.C.

DEAR SENATORS BELLMON AND DOMENICI: The Food and Nutrition Program Optional Consolidation and Reorganization Act (S. 605) you are proposing is directly in line with Oregon's position that states should be allowed to develop consolidated and innovative approaches to federal/state partnership programs.

Key components of the bill which I strongly endorse are as follows:

*Provides States flexibility in program administration.*—States are allowed the option to consolidate. If consolidation is chosen, the state determines the most appropriate single administrative unit for the program.

*Eliminates possible financial disadvantages to consolidation.* Planning moneys are available; a possible allowance of an additional 10 percent increase above current program levels may be obtained if matched by state and local funds; and semi-annual adjustments and funding based on inflation are provided.

*Recognizes individual States needs.*—Service priorities are based on a needs assessment of the citizens within a state and not confined to the categorical constraints of current "separate" food and nutrition programs.

Two suggestions for further improvement of the bill include:

(1) A provision that allows further consolidation of HEW and CSA Food and Nutrition Programs at the time of the fifth fiscal year evaluation; and

(2) A provision for consideration of population changes in readjustment of annual program funding.

The bill is a challenge to states to develop more efficient programs and provide improved and coordinated services to those in need in order to address and aid in the current rapid growth of our nation's social service programs. You have my support.

Sincerely,

VICTOR ATIYEH, Governor.

WYOMING EXECUTIVE DEPARTMENT  
Cheyenne, May 16, 1979.

HON. HENRY BELLMON,  
Russell Senate Office Building,  
Washington, D.C.

DEAR SENATOR BELLMON: I regret the delay in replying to your letter of April 9 with regard to the introduction of S. 605 by you and Senator Domenici. The reason for my delay in replying to your letter is that I have asked my people who are involved in the programs that would be affected by this bill to review the proposed legislation and provide me with sufficient information to respond to your letter.

The general consensus of those persons who responded is that there are some very good aspects to the bill, such as a greater number of options that would be available to a state. However, there appear to be a number of unknowns that are difficult to assess. I might add that our present food stamp program, at least in Wyoming, is operating quite well, and I would be reluctant to endorse a major change until more information is available.

One of the problems that I see in the bill is that each of the programs proposed to be consolidated are so drastically different in their operational and accountability requirements that they are not easily "marriageable."

I realize that this does not give you much information either way as to the desirability of the act, but I would hope you might understand our position to some degree in Wyoming.

With best wishes and kindest regards, I am,

Yours sincerely,

ED HERSCHLER.

STATE OF WASHINGTON,  
OFFICE OF THE GOVERNOR,  
*Olympia, Wash., May 3, 1979.*

HON. HENRY BELLMON,  
HON. PETE V. DOMENICI,  
*U.S. Senate  
Washington, D.C.*

DEAR SENATORS BELLMON AND DOMENICI: Thank you for your letter of April 9, 1979, regarding U.S. Senate Bill 605. I support the basic proposition of the optional consolidation and reorganizational proposal. The concept of allowing the state to decide its own priorities in food assistance programs is commendable, and could prove to be more cost effective and efficient than the present system of many discrete federal programs.

I have, however, reservations in several areas. The establishment of two separate identifiable administrative units in the United States Department of Agriculture to administer both the optional and regular programs could be costly and cumbersome. In addition, limiting administration to 7½ percent severely restricts the state's ability to satisfy the cost requirements for administering federal food assistance programs. This restriction also does not take into account the escalation in administrative costs which may occur in the future under the proposed consolidation and reorganization of all federally sponsored food programs to be administered by the state.

I will communicate these comments on U.S. Senate Bill 605 to the Washington State Congressional delegation.

Sincerely,

DIXY LEE RAY, *Governor.*

STATE OF MICHIGAN,  
OFFICE OF THE GOVERNOR,  
*Lansing, May 11, 1979.*

HON. HENRY BELLMON,  
*U.S. Senate,  
Washington, D.C.*

DEAR SENATOR BELLMON: Thank you for your letter of April 9, 1979 regarding S. 605, Food and Nutrition Program Optional Consolidation and Reorganization Act of 1979.

Michigan has been concerned about federal food and nutrition programs for many years. Since 1974, we have made formal efforts toward interagency planning and cooperation in order to maximize federal funds to serve our citizens. We, therefore, support the concept of an optional consolidation and reorganization of federal food programs and their related food and nutrition information and education components.

Some concern exists related to legislative intent that these programs are for the neediest populations of the state:

(1) Food and nutrition information is needed by all citizens and not only those living on limited incomes or among isolated and vulnerable populations. In addition, meal programs are of considerable value to all; for example, all children can participate in the school meals program with greater reimbursement for "needy" children.

(2) Comprehensive assessments of food and nutritional requirements of the neediest people are based on projections from national surveys. States are not in a position to conduct food, nutrition and health surveys of the magnitude of the Health and Nutrition Examination Survey and the Household Information survey. Even these do not reflect requirements of individuals but rather the status compared to current national population allowances and "norms".

If such data is desired by Congress, we suggest an expanded HANES/Household Survey, weighed for vulnerable groups, with greater emphasis placed on data analysis and more rapid turn-around time. It is not cost effective for individual states to conduct such expensive assessments.

(3) Receipt of total funds for categorical programs of the previous year must include a cash-out for commodities or the continuance of these commodities; for example, the cash value of commodities for Michigan in the Child Nutrition Act is estimated at \$20 million this fiscal year. With the rising cost for goods and services, it would be necessary to have annual increased appropriations based on economic factors.

(4) Several of the categorical programs currently have open-ended funding. It would be to the citizens' disadvantage to curtail program expansion to needy population.

(5) The 7½ percent administrative expense limit requires careful review and assessment. This restriction is not feasible for several categorical programs, such as WIC. It is probable that reorganization and consolidation would reduce administrative costs, but not to this magnitude.

(6) The issue of direct federal categorical grants to local agencies needs to be addressed.

(7) The appropriations noted in section 16 should be re-evaluated.

(8) Recent law changes one reference under section 9(6)(B) from title VII of the Older American Act of 1978 as amended.

We will be following the progress of S. 605 and appreciate this opportunity to comment.

Warm personal regards.

Sincerely,

WILLIAM G. MILLIKEN,  
*Governor.*

STATE OF CALIFORNIA,  
GOVERNOR'S OFFICE,  
*Sacramento, August 2, 1979.*

HON. HENRY BELLMON,  
*U.S. Senate,  
Washington, D.C.*

DEAR SENATOR BELLMON: In response to your correspondence of mid-April, I support the concept of deregulation and consolidation of Federal food programs. I am aware that a recent study of food assistance programs by the Government Accounting Office pointed to multiple participation by individuals, benefit overlaps and gaps, inconsistencies in eligibility criteria, and lack of adequate data on overall effectiveness.

If your bill is adopted in a form which allows state latitude in administering a state-formulated food and nutrition policy, then California would strongly consider such an option.

I will comment further after my staff in the departments responsible for the various food programs have jointly evaluated S. 605.

Sincerely,

EDMUND G. BROWN, Jr., *Governor.*

STATE OF VERMONT,  
OFFICE OF THE GOVERNOR,  
*Montpelier, June 8, 1979.*

HON. HENRY BELLMON,  
*U.S. Senate,  
Washington, D.C.*

DEAR SENATOR BELLMON: Governor Snelling asked me to thank you very much for providing Vermont with the opportunity to review S. 605, The Food and Nutrition Program Optional Consolidation and Reorganization Act. We are sharing the material with the other Governors and certainly applaud the spirit and substance of the proposal.

In Vermont the bill has been analyzed by members of the Cabinet responsible for the programs which could be consolidated plus our Commissioner of Agriculture. The comments received have been quite favorable and considerable interest was expressed in pursuing the option for consolidated in Vermont should the bill pass.

However, I would like to pass on some of the pros and cons which were specifically mentioned in the responses received by my office from the potentially affected agencies.

*Pros*

Provides an opportunity for innovation.

Could establish uniform and consolidation eligibility criteria, applications and procedures to cut down the red tape for recipients.

Would support health planning goals.

Could make food assistance programs more attractive to eligible persons who are hesitant to accept welfare.

May provide the opportunity to use more funds for nutrition education services to supplement the food assistance programs.

Opportunity to reduce overall program cost through administrative cost reduction.

Opportunity to return to the present system within two years if the consolidation doesn't work.

*Cons*

The greater visibility of foods and nutrition programs that would occur with the large size of a consolidated effort might make the programs more vulnerable to debilitating budget cuts.

Under program consolidation there is potential for decreased funding to preventative programs (WIC and education) in favor of income support programs such as food stamps.

The 7½ percent mentioned to cover administrative costs may be inadequate, even under consolidation.

Sincerely yours,

JOHN G. SIMSON,  
*Director, State Planning Office.*

CONGRESSIONAL BUDGET OFFICE,  
U.S. CONGRESS,  
*Washington, D.C., September 4, 1979.*

HON. HENRY BELLMON,  
*Committee on Budget,  
U.S. Senate, Washington, D.C.*

DEAR SENATOR: As you requested in your letter of June 28, the Congressional Budget Office has reviewed S. 605, a bill providing states an opportunity to consolidate certain food and nutrition programs. This letter provides a preliminary estimate of the federal budgetary impact of such a proposal.

*Description of S. 605*

The "Food and Nutrition Program Optional Consolidation and Reorganization Act of 1979" would allow states to consolidate and reorganize federal food assistance programs. States that choose to consolidate existing categorical programs would receive a federal grant equal to the federal government's contribution to the categorical programs in the preceding fiscal year adjusted for changes in food prices.

Food assistance programs that could be consolidated include those authorized under the National School Lunch Act and the Child Nutrition Act of 1966, as amended; plus the commodity supplemental food program and expanded food and nutrition education program. As you indicated in your June 28 letter, the food stamp program would not be included in the consolidation as was originally specified in S. 605. (See Table 1 for all programs included in the optional consolidation.)

States would be eligible to receive an annual consolidation planning grant. Grants would be available for a maximum of two consecutive fiscal years. The state's planning grant could not exceed 2 percent of the total amount of federal funds allocated to the categorical programs in the state for the prior fiscal year. Planning monies would be used for the purpose of developing a comprehensive state plan assessing the food and nutritional requirements of the neediest people within the state. A state could choose not to consolidate the categorical programs after the planning phase.

Once a state elects to consolidate the categorical programs, the basic consolidation grant may be supplemented with federal matching monies up to a maximum of 10 percent of the basic grant. The proposal specifies that federal-state revenue sharing funds may be used by the state for matching purposes; other forms of non-federal matching monies are not specified.

No more than 7.5 percent of the total grant funds available to a state may be used for state administration of the consolidated grant. A separate identifiable federal administrative unit would be established to administer the funding program.

Funds made available to the consolidation program would be subject to the availability of appropriations. Should appropriated funds be less than that determined by the grant formula, the monies the states would receive would be ratably reduced.

*Estimated Federal budget costs of S. 605*

The federal costs of S. 605 will be a function of the number of states that choose the optional consolidation as well as the distribution of funds received under the existing categorical programs within the states selecting consolidation. Federal costs will be affected in the initial years of the proposal due to increased expenditures for planning grants. More states might select planning monies than actually choose to consolidate.

Further, because the proposal indexes a state's base categorical expenditures for determining future grants, change in the current programs' participation could either reduce or increase federal costs dramatically. Under S. 605 nearly 50 percent of the funds (used to establish the base consolidation grant in a state) are those funds provided through the national school lunch program. Declining school enrollment, and therefore, decreasing school lunch participation—coupled with the indexed base in S. 605—would mean increased federal costs over what would have occurred under the existing programs.

The number of states that would choose to consolidate their existing food programs is difficult to determine. Based on responses to questions of consolidation, your staff has identified seven states that would select consolidation. These seven states accounted for approximately 15.5 percent of the total federal funds expended under the categorical programs in fiscal year 1978 (see Table 1).

Assuming these states would be the only states choosing consolidation, federal costs would increase in fiscal years 1980 and 1981 by approximately \$14 million and \$15 million respectively due to the provision providing planning grant monies. If all states petitioned for planning grant monies, federal costs would increase by \$81 million in fiscal year 1980, and by \$90 million in fiscal year 1981 (see Table 2). No consolidation program payments would be made during these first two years because of the requirement that the states develop comprehensive state plans.

In fiscal year 1982, the seven states would receive a consolidated program payment of \$841 million, including 10 percent federal matching monies.<sup>1</sup> States would not find it difficult to generate non-federal matching monies to qualify for the additional 10 percent monies. In fiscal year 1977 states provided approximately 21.6 percent of the costs of the national school lunch program; including children's payments, non-federal sources to operate the national school lunch program were 50.4 percent.

The consolidated program payment would be approximately \$26 million greater than what these seven states would have received under the current categorical programs. The additional federal cost of S. 605 would decline to about \$6 million by fiscal year 1984 (see Table 2).

We must emphasize that the cost estimate of S. 605 is highly dependent on the number of states that choose to consolidate. Should additional information become available suggesting more states would choose to consolidate than assumed in this letter we will provide you with a revised estimate.

For example, if it were assumed that every state selected consolidated payments beginning with fiscal year 1982, net federal costs would increase by approximately \$167 million in that year, 3.2 percent of the total current policy expenditures. The additional federal costs would decline to about \$37.3 million by fiscal year 1984, less than 1 percent of the current policy expenditures for that year (see Table 2). I hope this information is of assistance to you.

With best wishes,  
Sincerely,

ROBERT D. REISCHAUER  
(For Alice M. Rivlin, Director).

<sup>1</sup> The consolidated payment was calculated as the fiscal year 1981 expenditures for the categorical programs, indexed by the change in the CPI for food between May 1981 and August 1981. The consolidated payment would be indexed annually thereafter based on the change in the price of food.

TABLE 1.— FOOD AND NUTRITION PROGRAM CONSOLIDATION ACT OF 1979; FEDERAL PROGRAM EXPENDITURES TOTAL AND FOR POTENTIAL CONSOLIDATION STATES: FISCAL YEAR 1978

[In millions of dollars]

Programs	All States, fiscal year 1978	Potential consolidation States: Fiscal year 1978 obligations							Total
		California	Hawaii	Idaho	Maryland	Michigan	Montana	Oregon	
National school lunch (regular).....	618.0	44.7	3.7	2.6	9.8	18.8	2.3	6.1	88.0
National school lunch (special assistance).....	1,205.8	115.9	4.6	2.8	17.7	29.8	2.9	7.8	181.5
Special milk.....	155.0	11.4	.2	.2	3.1	8.5	.4	1.2	25.0
School breakfast.....	184.3	28.7	2.3	.1	2.2	2.0	.4	.6	35.3
Equipment assistance.....	28.0	2.3	.1	.1	.5	1.5	.1	.3	4.9
State administrative expenses.....	19.2	1.5	.1	.1	.3	.5	.1	.1	2.7
Commodities and cash for commodities <sup>1</sup> .....	68.7	65.6	3.5	4.3	11.7	21.1	2.5	9.7	118.4
Child care.....	141.0	11.7	.7	.2	1.6	4.1	.4	1.3	2.0
Summer food service.....	12.0	6.5	.2	.1	1.8	5.2	.1	.5	14.4
Special supplemental food program (WIC).....	397.7	24.1	1.2	2.5	8.2	12.0	3.3	5.3	56.6
Commodity supplemental food program.....	18.9	.9	0	0	0	6.4	0	0	7.3
Nutrition education and training.....	24.8	2.4	.1	.1	.5	1.1	(*)	(*)	4.2
Expanded food and nutrition education program.....	51.0	2.6	.2	.2	.7	1.5	.2	.4	5.8
Total expenditures.....	3,644.4	318.3	15.9	13.3	58.1	112.5	12.7	38.3	564.1
Percent of total.....	10.0	8.7	.4	.4	1.6	3.1	.3	1.1	15.5

<sup>1</sup> Commodities include those acquired and donated under legislation not specifically included in the proposed consolidation legislation. The major pieces of legislation include section 416 of the Agricultural Act of 1949, section 32 of the Agricultural Adjustment Act of 1935 and the Commodity Credit Corporation Act.

\* Less than \$50.00.

TABLE 2.—NET COST OF FOOD AND NUTRITION PROGRAM CONSOLIDATION ACT OF 1979 (S. 605), FISCAL YEARS 1980-84

[Budget authority in millions of dollars]

Fiscal year	All States <sup>1</sup>	7 consolidation States—					Net cost, S. 605	
		Current policy <sup>2</sup>	Planning grant	Base consolidated payment <sup>3</sup>	Federal matching payment	Total consolidated payment	7 consolidation States	All States
1980.....	4,509	698.9	14				+14.0	+80.9
1981.....	4,847	751.3	15				+15.0	+90.2
1982.....	5,261	815.5		764.8	76.5	841.3	+25.8	+166.7
1983.....	5,707	884.6		820.6	82.1	902.7	+18.1	+116.7
1984.....	6,194	960.0		878.1	87.8	965.9	+5.9	+37.3

<sup>1</sup> Current policy budget authority categorical programs.

<sup>2</sup> Based on fiscal year 1978 state categorical expenditures as a percent of total current policy—15.5 percent.

<sup>3</sup> Based on fiscal year 1981 categorical expenditures indexed for food price changes—1.8 percent for 1982 adjustment, 7.3 percent for 1982, and 7 percent for 1984. (CBO Assumptions of July 3, 1979.)

STATEMENT OF HON. PETE V. DOMENICI, A U.S. SENATOR FROM NEW MEXICO

Mr. Chairman, the concern of the American people to alleviate hunger in the world is clearly and strongly stated in the overwhelming response to famine in Cambodia. Americans are volunteering their services and giving to international relief organizations to save what remains of this war-torn country in Southeast Asia. As a Nation, we take nutrition seriously, both for ourselves and for the world community.

While the support for aid to Cambodia has been overwhelming, the detractors point to isolated but real cases of hunger in this country. While this "charity begins at home" attitude was the main argument of those few who opposed aid to Cambo-

dia, we are right to use all resources at our command to feed our international neighbors in need. And, Mr. Chairman, we are right to see to it that our own people have every advantage in eliminating hunger from this great country.

Our commitment in resources and commodities is quite substantial and has been ably specified by Senator Bellmon. Our task today is to go beyond the existing 14 programs that provide nutrition and food for infants, children in child care centers and in school, expectant mothers, the elderly, institutionalized persons, and persons residing in isolated areas. Today, we can add the flexibility to mix the multiform programs according to local need rather than national directive. That is, Congress has generously acknowledged food and nutrition as a national priority demanding national resources. These resources now take the form of 14 different categorical programs.

But when I think of small communities in New Mexico and around the Nation, I have trouble wondering how 14 programs can be effectively run to meet the needs in places like Mora, Hatch, and Truches, New Mexico. Governor King has informed me that New Mexico would definitely benefit from the opportunity to consolidate food and nutrition programs. In his words, "A consolidation of these programs could produce a savings to taxpayers and produce a comparable level of service to the recipients of these \* \* \* programs."

In simplest terms, Mr. Chairman, S. 605 will provide the 50 governors with the opportunity to determine the distribution of Federal food and nutrition resources according to the particular needs of each State. No State will be obligated to participate and the Department of Agriculture will have the review responsibility to assure the nation that no group in need will be ignored. While some states, like Texas, have informed me that they have no immediate interest in such a consolidation, the experience gained by the States who attempt this new avenue may be convincing.

If there is a better way, Mr. Chairman, then S. 605 will allow and encourage innovation. We hear complaints now, for example, that nutrition education is the "stepchild" and more funds would be better spent here than in commodities. It is not hard to imagine that the many eligibility and certification forms now required could be simplified. Finally, some people in need do not participate because they feel that a "welfare" stigma is attached to receiving food. These areas of nutrition, administration, and participation would become flexible according to documented State needs. This is the strength of S. 605. New combinations of food and nutrition programs can be targeted to new groups identified by nutritional need rather than Congressional mandate.

Therefore, Mr. Chairman, I heartily endorse the excellent work of Senator Bellmon and his staff. They are attempting to bring in a new era of innovation and flexibility in this most basic arena of human nutritional needs. As Americans, we deserve the benefits of the production and scientific findings of our own people. S. 605 will improve the chances for our most needy to receive the benefits of our agricultural plenty and our scientific knowledge.

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STATEMENT OF ROBERT FERSH, CONFIDENTIAL ASSISTANT TO THE ADMINISTRATOR,  
FOOD AND NUTRITION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. Chairman and members of the committee, I am Robert Fersh, Confidential Assistant to the Administrator of the Food and Nutrition Service of USDA. Accompanying me today are Jennifer Nelson, Acting Deputy Administrator for Special Nutrition Programs and Dr. Jane Voichick, Acting Assistant Deputy Director of Food and Nutrition, Science and Education Agency for Extension. I appreciate the opportunity to present to you the Administration's views on S. 605, the "Food and Nutrition Program Optional Consolidation and Reorganization Act of 1979." This bill would permit States to consolidate and reorganize all programs currently administered by the Food and Nutrition Service with the sole exception of the Food Distribution Program on Indian reservations. The programs covered include the Food Stamp Program, the Special Supplemental Food Program for Women, Infants and Children (WIC), the Commodity Supplemental Food Program, the Child Care Program, the Summer Food Service Program, the Special Milk Program, the School Lunch Program, the School Breakfast Program, and the Nutrition Education and Training Program. The Expanded Food and Nutrition Education Program (EFNEP) administered by USDA's Science and Education Administration would also be included in the consolidation.

Under this bill a State may elect to accept an amount of money equivalent to what is now spent in its State on these programs and apply that money to nutrition programs of its own design. A single State-designated agency would administer all



programs chosen by the State. The Department would continue to operate its current programs in States which did not elect consolidation. In those States which did elect consolidation, USDA would be responsible for approving the State's plan of operation, providing funding, and participating in program evaluations. The Department would not administer any programs in a State which elects to participate in the consolidation. A State may not therefore administer some of its own programs and also have the Department administer WIC or some other program.

I would like to share with you some of the reasons we do not favor S. 605 by explaining what I believe are a number of serious deficiencies in this bill.

#### DISRUPTION OF SUCCESSFUL EXISTING PROGRAMS

One of the most serious of these is the disruption of existing programs which have been proven to be successful in favor of other programs whose effectiveness and acceptability are unknown. A state could elect to replace a successful current program with another program which although less effective, is supported by stronger special interest groups.

As this Committee well knows, both the WIC and Food Stamp programs have been credited in the most recent Field Foundation Study and other studies with being quite effective. The dramatic improvements in the health and nutrition of the people surveyed by the Field Foundation was the result of our current system of food programs and especially the food stamp program.

A separate study conducted at the Harvard School of Public Health found that the prenatal component of the WIC Program saves \$3 in hospital costs for every \$1 spent on program benefits. With evidence already existing to attest to the effectiveness of current programs, it seems unwise to risk that success which has been so difficult to achieve in some other programs.

As you know so well, the programs which would be replaced by this bill have been carefully and in some cases painstakingly designed and fine tuned over the years by the Committee to meet the needs of those who are in need of our assistance. There is no evidence that the needs of the various States are so diverse as to require separate strategies in each State. In fact, experience indicates that hunger and malnutrition are national problems which are best dealt with through a nationwide approach based on a national commitment.

We especially fear that political special interests would dominate the selection of programs administered in many States. This may result in benefits being less well targeted than under the categorical programs. Benefits currently available for meeting the needs of the poor might be shifted to support the middle class which is less in nutritional need. Programs whose constituency is smaller or weaker—such as day care centers might lose to those institutions with more power such as schools. Likewise in States where the education establishment is far more powerful than the health department, funds could move from WIC to child nutrition—indeed, from low income pregnant women and infants at high risk to middle class high school students.

We have come a long way in the ten years since the White House Conference on Food, Health, and Nutrition focused national attention on the problems of malnutrition. Hunger and the diseases related to it have been diminished substantially by the institution and expansion of programs such as Food Stamps and WIC as well as programs such as the School Lunch Program which began in 1946 and provides nourishing lunches to about 25 million school children each school day.

While I emphasize the successes of these programs as they are currently designed and operated, I do not want to give the impression that we are resisting change for its own sake. We are not. We continue to work on our own and with the Congress to improve these existing programs. Through demonstration projects, research projects, and other tests, we will continue to work to improve what we have. At the same time, we feel compelled to oppose sweeping changes in the basic structure of all domestic food assistance and nutrition education programs which are based more on a philosophical bias than on empirical data.

#### SINGLE STATE AGENCY

I would now like to address more specific concerns with individual provisions of this bill. Section 7 mandates that administrative and program design at the State level is to be through a single State agency. This is contrary to current practice, in which food programs operate through many different State agencies. This multi-agency approach makes the food programs an integral part of the other basic services available to the populations to which services are targeted. The WIC Program, operating through State Health Departments, is an integral part of the

States' overall health activities. The Food Stamp Program, operating through State welfare agencies, maximizes the efficiency by building on an existing administrative network that operates through welfare offices and already serves much of the same population. The School Lunch and Breakfast Program and the Nutrition Education and Training Program operating under State education agencies, are an integral part of the local education program. In the case of the EFNEP Program, consolidation could result in the loss of program inputs from the land-grant universities whose academic staffs, funded from many sources, provide expertise essential to conducting a high quality program. Certainly we encourage coordination among nutrition programs but we believe consolidation would be detrimental to benefit acceptability and delivery at the local level.

#### LACK OF RESPONSIVENESS TO CURRENT NEEDS

Another area of the bill which causes us concern is the funding formula which I believe will cause States to be unresponsive to the changing needs of the people they wish to serve. By allotting States an amount equal to the prior year's expenses (adjusted by the cost of food) no accommodation is allowed for rises in unemployment, decreases in school enrollment or other economic and demographic changes. As a result a State could receive more than it needs to run school feeding programs or less than it needs to serve the nutritional needs of a food stamp population increasing due to unemployment. A one percent increase in unemployment currently causes the food stamp caseload to increase by as many as 750,000 needy people. In situations like this a State may be forced to channel funds into immediate direct assistance only to the detriment of nutritional programs whose benefits are vital to any long term solution to malnutrition. Or, it may be necessary to cut benefits if no additional State funds are available. In addition, the formula (even with annual supplementary grants up to 10 percent of the total) may fail to provide adequately for geographically expanding programs such as WIC and School Breakfast.

#### DECISION BY STATES TO RETURN TO CATEGORICAL PROGRAMS

Section 4 provides for States to opt back and forth between the consolidated and current programs with little or no advance notice. This could result in serious program inadequacies due to insufficient program planning and resource allocation. Returning to the current programs after they have been dismantled in a State can not be successfully implemented without considerable lead time for States, local agencies, and the Federal government.

Administration of the programs would become unduly complicated by this provision. The frequent opportunities to opt in or out of a program would cause difficulty in enforcement of regulations, constant revision in State plans of work and increased costs to the taxpayer. Under this condition, it would also be extremely difficult to perform the long range assessments which are required in serious evaluation of nutrition programs.

#### ADMINISTRATIVE COSTS

The term "administrative costs" is not defined in S.605. Administrative costs under this bill are not to exceed 7½ percent of the total State grant. This could cause serious problems. Currently 20 percent of WIC funds may be used for administration. The 7½ percent limitation may seriously impair WIC operations. In the school food program, more than 40 percent of total funds go to things other than food including labor costs. Would labor of cafeteria workers be considered administrative costs or would it perhaps be treated as an operating cost and thereby be excluded from the 7½ percent administrative fund limit? Would what are now considered administrative costs of summer and child care sponsors still be classified as administrative costs? Would the administrative, as opposed to operation, costs of local school districts be considered administrative costs? There is need for a clear understanding of what costs are intended to be included as administrative costs.

The decision on how to define this term will be crucial to whether the 7½ percent is too much or too little. It will also determine how extensive State and local recordkeeping will need to be. States now get a total of between 1½ percent and 2 percent of all child nutrition funds in the State for State level administrative expenses. The 7½ percent is highly excessive for Child Nutrition Programs when compared to current rate and the requirements placed on States for use of those funds. For the WIC program 7½ percent may be insufficient since States currently receive 20 percent for State and local level administrative costs. Thus the restriction of 7½ percent for this use may result in States moving from WIC in favor of the other

programs which have less administrative costs, but also less demonstrated cost effectiveness.

It is unclear how "administrative costs" would be defined in programs such as EFNEP and NET which are exclusively education programs.

In conclusion, I wish to emphasize that hunger and malnutrition are national problems which have proven to benefit by a national comprehensive approach to program design and resource allocation. We do not think that the proposed approach is a system which results in people with the same needs receiving different benefits merely because they live in different locales.

STATEMENT OF KEITH PUTMAN, ADMINISTRATOR, ADULT AND FAMILY SERVICES,  
STATE OF OREGON, SALEM, OREG.

Mr. Chairman, I am Keith Putman, Administrator of the Adult and Family Services Division in the State of Oregon. My Division is part of an umbrella agency which administers several nutrition programs, including the Food Stamp Program.

I am here today, Mr. Chairman, not to represent just the special interests of my Division or of the Department of Human Resources, but rather to speak for Governor Atiyeh on behalf of the State of Oregon. We want to convey to this committee Oregon's appreciation to participate in the national legislative process.

Oregon has also participated directly with the National Governors' Association in formulating their position on Senate bill 605. While Oregon agrees with the entire position of the National Governors' Association, there are some of those positions which we would particularly like to emphasize.

Oregon will always support any Congressional bill which contains two of the major features of Senate bill 605. First, the concept of consolidation of benefit programs; and secondly, the idea that states be given flexibility on that consolidation; including the flexibility to organize as best suits the particular needs and circumstances of that state. We believe those two concepts are used far too infrequently and wish to commend the authors of this bill for their insight on how to better improve the state/federal partnership.

The advantages given to the states by S. 605 include better identification of clientele, an ability to better prioritize the State's needs, a great rationale for eligibility standards, etc. These programmatic benefits can occur in any state where consolidation is workable and removes from the State any reason to argue that inflexible Federal laws interfere with doing a better job. This is not to say that all states will (or can) reorganize or otherwise change their nutrition programs. Indeed, many states may choose not to use the provisions of this bill. However, an opportunity is being created for those who wish to take advantage of it. We believe there are other opportunities for consolidation of nutrition programs operated by the Community Service Administration, the U.S. Public Health Service, Title XX and Older American Acts Programs.

We suggest the committee mandate the establishment within the United States Department of Agriculture if a single office or person responsible for working with the states who wish to operate under this Act. Without such a single focus of attention within USDA, states attempting to consolidate programs will have to deal with many different officials within the Department of Agriculture. Prior experience has shown us that, in large organizations such as the Department of Agriculture, there will be policy conflicts between the various sub-units which the states are powerless to resolve.

We also wish to call the committee's attention to the National Governors' Association's suggestion that financing of the nutrition programs should be periodically adjusted to take into account changes in the cost of food and changing population in the various states.

Finally, Mr. Chairman, we cannot emphasize strongly enough that the Food Stamp Program should be excluded from this package.

Our reasoning is simple. The Food Stamp Program is not now—and has not been for a number of years—a nutrition program. Because it is not a nutrition program, and has become an extremely expensive-to-administer income supplementation program, it should be transferred to the Department of Health, Education and Welfare and "folded in" to the AFDC and SSI Programs. I do not want to take up time to describe the administrative inefficiencies in the Food Stamp Program and how millions of dollars could be saved by merging it into other cash payment programs. Instead, please let me concentrate on the statement that the Food Stamp Program is no longer a "nutrition" program.

In order for a program to be a "nutrition program" it must have the practical effect of not only providing people with an opportunity to eat more nutritious food,

but actually result in more nutritious eating habits. Over the years a number of modifications of the Food Stamp Program have detracted from its value as a "nutrition program." When the program first began, there were requirements which had the net effect of requiring persons to participate continuously if they wanted to participate at all. Failure to participate on a more or less steady basis would have permitted people to substitute the bonus value of food stamps for cash, rather than using that bonus value to purchase additional food. For example, a person who had been previously paying \$40 a month for food could now use that \$40 to purchase \$50 worth of food stamps. The additional \$10 "bonus value" had to be spent on food and yielded an increase in food consumption which was beneficial to America's farm community and (presumably) improved the nutrition level of the food stamp user. If, however, that same client paid \$40 for \$50 worth of food stamps in one month, and did not participate at all in the second month, they could reduce expenditures of their own money for food in the second month from \$40 for \$30 so that they still ended up consuming an average of \$40 for food per month, of which \$10 was paid by the government. This, then, neither helped the farmer by increasing total food consumption nor did it increase the "nutrition level" for the user.

The first modification of that system came when the requirement for purchasing on a continuous basis was eliminated. Administering or enforcing that rule was horribly expensive and clients generally had good reasons for not making the purchases.

A second modification of the Food Stamp Program was to permit clients to buy one, two, or three weeks' worth of food stamps in any given month rather than mandating a full month. The net effect of that change was that the client who should have been eating \$50 worth of food in a month, at a food stamp purchase price of only \$40—but who could only spend \$30 for food could now elect to participate for two weeks out of the month at a cash outlay of \$20 and receive \$5 worth of bonus food stamps rather than \$10 worth. But here also, the client could effectively reduce their cash outlay for food stamps so that the total food consumption was no more than the \$30 they had been spending initially, but with \$5 of government money.

A second major reason the Food Stamp Program is not a nutrition program is that there never has been a requirement that food products purchased with food stamps be of the "nutritious" variety as opposed to "junk food" from the Food Stamp Program. That is extremely difficult to do partly because many foods which are not thought of as junk food have little nutritional value. I am not a food faddist but I have been told that these products include: refined sugar, most white flour products, most prepared breakfast cereals, coffee, tea, polished rice, macaroni, etc. The WIC Program is a good example of a nutrition program. While not requiring that participants eat any more food than they would have without the WIC Program, it at least specifies food products that are generally regarded as nutritious.

I do not believe that the Food Stamp Program will ever be improved in any significant way as long as it is regarded as a nutrition program. As soon as it is recognized for what it is—an income supplement program which is extremely expensive to administer—significant and fundamental changes can be made.

Thank you Mr. Chairman for this opportunity to participate in the Legislative process.

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STATEMENT OF CARL W. STENBERG, ASSISTANT DIRECTOR, U.S. ADVISORY  
COMMISSION ON INTERGOVERNMENTAL RELATIONS

Mr. Chairman and distinguished members of the Subcommittee: I am Carl Stenberg, Assistant Director for Policy Implementation of the U.S. Advisory Commission on Intergovernmental Relations (ACIR). I am accompanied by Michael Mitchell and Taru Jones. I appreciate the opportunity to appear before you to testify on S. 605, the "Food and Nutrition Program Optional Consolidation and Reorganization Act of 1979."

The ACIR is a permanent bipartisan body established by Congress in 1959 to monitor the operation of the American federal system and to recommend improvements. The 26 Commission members represent the executive and legislative branches of federal, state and local government, as well as the public.

In both 1967 and 1977, the Advisory Commission on Intergovernmental Relations called for consolidation of federal grants-in-aid as a reform strategy to remedy the increasing fragmentation of categorical grants. Most recently ACIR has supported the "Federal Assistance Reform Act of 1979" (S. 878, H.R. 4504) whose Title II provides a formal process for expediting the formulation of consolidation proposals

by the President and the consideration of these proposals by Congress. I am pleased that this important issue will receive additional attention in this hearing.

I would like to emphasize that the Advisory Commission has no formal position on nutrition issues and that I will be addressing myself strictly to the merits of the grant consolidation concept as reflected in S. 605.

#### BACKGROUND

Federal aid programs and their dollar amounts have increased at a phenomenal rate in the last few decades. The number of categorical grants available to state and local governments has tripled since 1963 to 492 programs. Funding has increased tenfold since then to the current \$82 billion level.

Many of these programs in the tripartite federal aid system of general revenue sharing, block grants, and categorical address national needs and priorities and support state and local service delivery efforts. However, the proliferation of categorical grants—particularly of small and excessively specific ones—has caused unnecessary program fragmentation and duplication in the current aid system. This strains the already overtaxed Congressional capacity for effective program oversight. The numerous conditions attached to these grants have resulted in costly and time consuming administrative procedures and have at times severely constrained state and local discretion in resource allocation decisions. These developments viewed in light of the unabated trend toward a larger federal government role in domestic affairs raise issues of interest to all who are concerned about the health and stability of our governmental system.

The fundamental issue here is one of intergovernmental balance. As the federal government with increased frequency uses highly conditioned categorical grants in policy areas traditionally the domain of state and local governments, this basic precept of intergovernmental balance is jeopardized. This results in some sub-national governmental units becoming mere ministerial arms of the federal check writer and distorts all traditional concepts of federated partnership.

One aspect of this development, that of fragmentation resulting from program specificity, was raised recently before the Senate Subcommittee on Intergovernmental Relations in testimony offered by Lynn Cutler, Supervisor of Black Hawk County, Iowa, and Vice Chair of ACIR. Ms. Cutler cited an example where five year old needy children are excluded from federally funded nutrition programs because the Women, Infants, and Children (WIC) program only provides for children up to the age of five and school lunch programs only serve children six or older.

Administrative aggravations associated with categorical grants result from complex planning, application, reporting, and funding requirements. The paperwork for recipients is staggering, and program monitoring carried out by grantor agencies is often either inadequate or intrusive.

To underscore these points, I would note another Iowa example where administrative inflexibility caused a summer feeding program to be cancelled because the U.S. Department of Agriculture (USDA) and Community Services Administration (CSA) guidelines were incompatible. Maryland Officials in charge of the WIC program recently cited red tape as the reason why over \$2 million earmarked for the program in the state was returned unused to the federal government. A General Accounting Office study of three food and nutrition programs in Region X does indeed show that administrators of these programs feel dissatisfied with both the fragmentation and duplication of services, unnecessary administrative burdens, and lack of program flexibility.

State and local government officials and program managers complain about the cost of obtaining federal assistance. The state of Wyoming turned down a juvenile justice grant because it would have cost \$500,000 in paperwork to obtain \$200,000. In the Georgia Department of Education no grant under \$5,000 is considered worth applying for.

Categoricals, block grants and revenue sharing are all integral parts of the federal aid system. While the Commission supports this tripartite approach, it has repeatedly cautioned against overuse of categorical grants. Even a brief summary of the pros and cons of categorical grants indicates the need for some reform. Categoricals are useful in that—

They stimulate state and local governments to meet specific national goals such as anti-discrimination, environmental protection, or the promotion of arts and culture;

They act as catalysts in numerous program areas that warrant exploration such as national research and demonstration in health or natural resources;

They support the provision of on-going services; and

They ensure that federal monies are used for Congress' intended purposes, thanks to the various strings and conditions attached to the funding.

On the other hand:

Federal time and efforts have too often been expended on decisions best left to state and local governments. This is illustrated by Congressional legislation proposed in recent years creating categoricals concerned with the spaying of cats and dogs, control of rats, or the filling of potholes. Ideally the federal government should involve itself with determining broad national goals while leaving the particulars of program implementation to state and local officials who are in a better position to assess their needs, set priorities, and implement programs.

Categoricals are often targeted to pacify certain interest groups rather than address pressing domestic needs. The current categorical grant system is largely supported by the interest group—federal agency—Congressional "iron triangle" configuration which is interested in fostering specific grants to particular constituencies.

Elected chief executive and legislative officials and administrative generalists are unable to affect program decisions in the face of interest group and program specialist domination of decisionmaking—even though these officials are responsible for inter-functional coordination, and ultimately, for program results.

In the tripartite federal aid system, general revenue sharing and block grants are designed to provide recipients with a good deal of program discretion and control. Ideally, categoricals are best employed when directed at specific areas of need and limited to narrowly defined activities. The number of pending and upcoming grant consolidation proposals is an indication that categoricals are also used in situations where broader program scope and fewer strings would be more appropriate.

The political misuse and administrative abuse involved in the creation and implementation of some programs engenders cynicism and mistrust in the mind of the public concerning government performance.

#### GRANT CONSOLIDATION

The many problems associated with categorical grants have resulted in numerous reform proposals, including the call for consolidation. The recent decrease in federal aid growth rates and the current cutback management atmosphere at the state and local levels have further rekindled interest in consolidation after a hiatus of some years.

Basically advocates of program consolidation see this as a way to reduce overhead costs, increase recipient discretion and generalist government control, as well as eliminate the problems of narrow program specificity and overlap.

While it is difficult to estimate possible consolidation cost savings, the consensus of opinion is that some savings can be expected. The Office of Management and Budget as well as the General Accounting Office are on record supporting consolidation for this purpose. OMB is studying various consolidation possibilities for the fiscal year 81 budget. Various states—Connecticut, South Carolina and Texas—as well as organizations representing elected officials, such as the National Conference of State Legislatures and the National Governors' Association, have considered consolidation possibilities as a means of reducing overhead costs. The National Governors' Association in fact has proposed a 10 percent reduction in federal programs to states in exchange for greater flexibility such as that offered by consolidation.

Legislation enacted in the last two years concerning the merging of U.S. Insular areas, Older Americans, and Forestry programs indicates that consolidation is not an exercise in political futility. The prevalent notion that consolidation efforts are hopeless is belied by the fact that merger proposals have received bipartisan support, cleared Congressional committees, and been enacted and signed into law by the President.

Based on past experience, the most appropriate candidates for consolidation appear to be programs: Closely related by functional area; with similar objectives; and linked to the same kinds of recipient jurisdiction.

Other considerations to take into account include clientele served, geographic region, types of grants affected, matching requirements and Congressional committees involved.

Programs can be merged "structurally" by combining their authorizations, modifying eligibility requirements, and perhaps shifting the jurisdiction of the federal administrative agency and giving recipients greater discretion over resource allocation. A "procedural" consolidation, on the other hand, does not change basic program structure. Instead, it aims at reducing overhead by simplifying and combining planning, application, funding, reporting, auditing, and other administrative re-

quirements. Consolidation by title occurs when a number of programs are grouped under the same heading for conceptual reasons as in the case of S. 1898, the "National Child Nutrition Act." Though the programs are separately authorized and administered, it is hoped that this form of consolidation will reduce administrative confusion—in this case by clarifying legislative language.

The history of the community development, employment and training, as well as law enforcement block grants largely bears out many of the arguments made by consolidation supporters. Their record is particularly impressive considering that these are structural consolidations which are generally the most difficult to achieve and to shield from recategorization.

To illustrate this point, the Comprehensive Employment and Training and the Housing and Community Development Acts consolidated 17 and 6 categoricals respectively. A HUD assessment of the CDBG program shows that a streamlining of program requirements, administrative cost savings, and reduction of HUD administrative intervention were achieved. An OMB study of three block grants supports this position, as well, although it also points out that administrative savings on the national level are offset by increases at the state and local levels. A Brookings Institution study has concluded block grants stimulate greater citizen participation than categoricals. It is important to note that both the CETA and CDBG block grants have received bipartisan support for re-authorizations.

Non-block mergers have also taken place in areas of maternal and child health, libraries, education and elderly programs. Although these programs do not accord state and local governments as much discretion as block grants, nevertheless they underscore the basic point that categorical consolidations are both desirable and feasible.

#### FOOD NUTRITION PROGRAM CONSOLIDATION

Generally speaking the programs proposed for merger in S. 605 seem appropriate consolidation candidates in so far as they are related by function, objectives, and jurisdiction. ACIR has pinpointed food distribution and child nutrition programs as meriting close scrutiny for consolidation potential.

I would like to submit for the record a Commission statement outlining the different consolidation formats and a list of programs we feel might be considered as consolidation candidates.

In the case of the consolidations proposed in S. 605, the following questions appear to warrant further examination:

How easy would it be for a single state agency to administer the consolidated programs of S. 605? Currently they are being dealt with by state health, education, as well as welfare departments.

How will the varying matching requirements be handled for different programs? Will the states be required to match the total amount of federal funds at some specified ratio?

How closely does the 7½ percent state administrative cost figure reflect the actual cost of managing food and nutrition programs?

How necessary is the state-matched 10 percent bonus? Do states need this incentive if they seriously want program consolidation?

The Department of Agriculture is currently administering—in cooperation with state program representatives—consolidated plans, requirements, and letters of credit for five child nutrition programs in a number of states. Although no firm figures exist to document the amount of administrative cost savings, apparently the general sense of federal and state program administrators involved in this effort is that it has been a success in reducing duplication of effort and administrative headaches. The Department of Agriculture is to be commended for taking this initiative.

The approach to simplifying program administration embodied in S. 605 parallels the current Department of Agriculture effort to this end. In addition to lending Congressional support to the streamlining of grant administration procedures, S. 605 would provide interested states with a statutorily based option of choosing increased flexibility of consolidated programs or retaining the present system with the burden of grant oversight on the federal government. If the procedural approach of S. 605 proves successful in reducing administrative burdens and increasing recipient discretion, it may eventually lead to more structural consolidations in this area.

In a time of scarce resources and high rates of inflation, new approaches are needed to adequately address the intergovernmental challenges facing this nation. This calls for flexibility and a willingness to negotiate on the part of the many groups, including the Congress, that make up the system. Interest groups must relinquish some of their program control in exchange for more flexible program

administration. This is a necessary tradeoff if we are to improve or even maintain the existing level of service delivery in the eighties.

Some would say that the grant system works well enough in its current condition; funds are distributed and services are delivered. While this point may have some validity, it is our view that the current grant structure too often is characterized by fiscal inefficiency, administrative ineffectiveness and poor accountability. The optimal grant delivery system would contain fewer procedural requirements and would permit greater flexibility for tailoring programs to the needs of various recipients. Consolidation is a means of unfettering the current highly conditioned grant system and meeting these ends. Ultimately, consolidation could redress the growing imbalance now apparent in our intergovernmental system.

I would again like to congratulate this Committee for considering consolidated food and nutrition program legislation.

Thank you.

[The following information bulletin was supplied by Carl Stenberg, see p. 24 for his oral presentation.]

INFORMATION BULLETIN: ADVISORY COMMISSION ON INTERGOVERNMENTAL  
RELATIONS

[Bulletin No. 79-6; October 1979]

RESTRUCTURING FEDERAL ASSISTANCE: THE CONSOLIDATION APPROACH

*In Brief*

*Problems stemming from fragmentation and specificity of federal assistance programs have generated a variety of reform proposals over the years. Recent federal aid slowdowns and mounting state-local fiscal distress have rekindled interest in restructuring categorical grants through consolidation of functionally related programs.*

*This Bulletin will examine the advantages and disadvantages of consolidation as a grant reform strategy. Specific functional mergers, as well as legislation to facilitate passage of consolidation measures in general, will be discussed. Five different consolidation formats are identified. Several of the more important program consolidations now in effect, and consolidation proposals pending action before the 96th Congress, will also be considered.*

The United States faces an era of lowered expectations, as the decade of the 80's seems to promise scarcer resources and continued high rates of inflation. Proposition 13, the balanced budget movement and the calls for the removal of states from the general revenue sharing program are three intergovernmentally significant responses to this disturbing situation. Unfortunately, these measures can only temporarily quell taxpayer concerns because they deal with symptoms, not the real ills, of the system. Indeed, over a period of time they can even aggravate the fiscal imbalance between the different levels of government by shifting financial responsibility and putting severe restraints on the ability of government to raise revenues and effectively allocate resources. The real—and difficult—problem that must be attacked is the fragmented way in which the federal government approaches the difficulties besetting the nation—perhaps best illustrated by the grant-in-aid “non-system.”

Federal aid programs and their dollar amounts have increased at a phenomenal rate in the last few decades. The number of categorical grants available to state and local governments (now 492) has almost tripled since 1963, while funding has increased tenfold in that period to the current \$82 billion level. This proliferation has long been criticized by recipients, program managers, the research and academic communities, and the general public for its attendant red tape, distortion of recipient priorities and limited success in achieving national goals. In an era of abundant funds and unlimited optimism concerning the results of national intervention, this criticism was easily ignored. Now, in a time of fiscal stress and cutbacks, more attention is being paid to the cost and impact of federal programs. There is a growing consensus that federal assistance must be streamlined, simplified, and made more effective if any kind of a rational system is to be established in the decade ahead.

One way to improve intergovernmental assistance and control the fragmentation evinced by the melange of hundreds of uncoordinated categorical grants is consolidation. The Mayor of York, Pennsylvania, voiced the opinion of many in recent hearings on grant reform conducted by the Senate Subcommittee on Intergovernmental Relations when she stated:



"Clearly programs which cover a related functional area, have similar objectives, and serve the same type of recipient jurisdictions ought to be coordinated and/or unified. Because each program may have unique and complicated applications, management and audit procedures, consolidation has the potential to improve the federal grant system by reducing paperwork and overall costs and putting a stop to the proliferation of conflicting program requirements."

Consolidation has received support from state and local government officials and their interest group representatives as well as from the Administration and Members of Congress as a potentially effective way of restructuring federal assistance.

In both 1967 and 1977, the Advisory Commission on Intergovernmental Relations called for consolidation of federal grants-in-aid. Programs related by function, objectives, and types of recipient government were thought best suited for merger. ACIR strongly supports the concepts contained in the "Federal Assistance Reform Act of 1979," (S. 878 and H.R. 4504) as well as other legislation designed to restructure federal grant programs.

Despite this backing, consolidation has not been given the widespread attention it warrants. Perhaps one reason for this is the general lack of understanding of the contemporary grant "non-system."

#### *The tripartite grant arrangement*

The three types of existing federal grants to state and local government are intended to serve different purposes:

Categorical grants are directed at specific programs and limited to narrowly defined activities. Depending on the strictness of conditions and the format for fund distribution, categoricals are further classified as project, formula-project, or open-ended.

Block grants allow for greater user discretion than categoricals and address a wider range of problems. They go to general purpose governments and are allocated by formula. Block grants are found in the areas of health, law enforcement, manpower, community development, and social services.

General revenue sharing funds are distributed by formula with very few restrictions concerning their use.

While categoricals tend to be the primary scapegoats for ACIR and others seeking to reform the grant system, there are many positive features of these grants including their ability to—

Stimulate state and local governments to meet specific national goals such as anti-discrimination, environmental protection, or the promotion of arts and culture;  
Act as a catalyst in numerous program areas that warrant exploration such as national research and demonstration in health or natural resources;

Attract the attention of appropriate aid recipients; and

Ensure that the monies are used for Congress' intended purposes, thanks to the various strings and conditions attached to the funding.

Many feel, however, that categorical grants need adjusting because of their many shortcomings. Critics, for instance, contend that while they account for almost two-thirds of the categorical grant total, project grants represent only a third of the funds, which results in insignificant, ineffective programs with high overhead costs. Other criticisms are:

Categoricals are overly specific, fragmented or duplicative and difficult to administer.

Requirements intended to promote accountability are unduly complex, inflexible and sometimes actually counterproductive.

The political misuse and administrative abuse involved in the creation and implementation of some programs engenders cynicism and mistrust.

Categoricals are targeted to pacify particular interest groups rather than address situations of pressing need.

General purpose governments are unable to affect program decisions in the face of interest group and government agency program domination.

The fragmented program array with its multiple funding opportunities allows applicants to play grantor agencies off against one another in order to get the most favorable terms and highest dollar amounts.

Congress had difficulties in effectively overseeing a large number of project grants.

Examples of difficulties engendered by the current categorical situation abound. Particularly illustrative are those relating to overly specific programs, fragmentation, duplication and administrative aggravations.

### *Specificity, fragmentation and duplication*

According to a recent New York Times article, "when Washington thinks, Federal programs spring up like dandelions after a spring rain." Most commonly, a number of agencies end up addressing some aspects of a particular problem. This results either in overly specific programs, fragmentation among agencies, or duplication and overlap.

Federal aid can be directed at such very limited issues as the control of fires in inactive coal deposits or beekeeper indemnity payments. Such overdirection can have unexpected results. Lynn Cutler, Supervisor of Black Hawk County, Iowa, cites an example of unnecessary targeting where five-year-old needy children are excluded from federally funded nutrition programs because one program only provides for children up to the age of five and school lunch programs serve only children six or over.

Development assistance programs are offered by numerous agencies. An Office of Management and Budget printout of such programs is over 40 feet long. It is hard to believe that such proliferation does not result in duplication. A General Accounting Office study reports that a community of less than one million people had 44 separate federally funded employment and training programs empowered through 16 legislative authorities and administered through 9 different organizational units.

Program fragmentation examples are numerous. To quote Cliff Tuck, intergovernmental coordinator for Shelby County, Tennessee:

"In 1973, we had an eye opening energy crisis. In 1979 we are still faced with an energy crisis coupled with galloping inflation and the possibilities of a recession on the horizon . . . only now we have 29 new energy assistance programs to deal with as well. Twenty of these energy programs are applicable to local government involvement. Fourteen of these programs are so new they still lack regulations and in many cases are not even listed in the 1979 edition of the Federal Domestic Assistance Catalog. USDA has 3 programs, HUD-3, DOT-3, SBA-2, TVA-1, EPA-4, DOE-8, HEW-1, and EDA-1 . . . if that is efficient and economical anything . . . I must be a 5 eyed 3 pound visitor from outer space."

EPA, HUD, and EDA all have sewer construction programs in addition to the one in FmHA for communities with populations smaller than 10,000. Communities straddling this population figure obviously have difficulties deciding where to turn for aid. Six agencies have welfare programs. Before the Federal Emergency Management Agency was established, disaster victims were shuttled between 42 federal agencies whose task was to provide emergency relief. One flood victim was forced to apply to 33 places for a standard temporary housing form.

Federal program fragmentation is reflected on the state and local levels. According to a writer on intergovernmental relations, J. C. Doherty, "special districts spawned by federal money are proliferating like frogs in a springtime swamp." Similarly, regional planning units created in response to the structural inadequacies of local governments have given rise to a highly fragmented regional system.

### *Administrative aggravations*

Recent ACIR surveys of state and local grant recipients, and federal administrators, as well as testimony of elected officials point to widespread dissatisfaction with federal grants. The requirements accompanying funding are too complex, the paperwork too staggering, and the monitoring, too inadequate. Fifteen years after the United States government declared the elimination of poverty within a decade, local government officials still juggle with differing federal poverty criteria as they try to coordinate low income programs.

Doherty reports how some commissioners of a rural North Carolina county "were dumbfounded by two workers from the county welfare department who unrolled before their amazed eyes a scroll made up of forms required for an average case processed by the department. The scroll consisted of 67 letter-size pages taped together that stretched round virtually the entire room." This volume of paperwork was largely a result of federal compliance requirements.

Auditing can be another source of aggravation for grant recipients. For example, an Illinois Coastal Zone Management program and its subcontractors were audited some dozen times within one year by the federal and state governments.

State and local government officials point to the lack of timely information, application processing delays, reporting requirements, and uncertainty over costs as hindering effective service delivery. Often the difficulty of locating federal assistance, applying for it and complying with requirements can render federal aid useless to potential applicants. According to an editorial in Science, researchers spent some 2700 man years in 1978 applying for grants. This is an exorbitant amount of time considering that only one out of four proposals obtains funding.

As a result of this difficulty, some potential recipients are saying "no" to federal dollars. The state of Wyoming turned down a juvenile justice grant because it would have cost \$500,000 in paperwork to obtain \$200,000. In the Georgia Department of Education, on grant under \$5,000 is considered worth applying for. Tulsa, Oklahoma, spends an estimated 15 to 20 percent of all the federal aid it receives for the application and administration of federal grants. Funding complications can lead to situations where local governments are compelled to complete several drafts to anticipate possible decisions on federal aid awards and payment schedules.

Federal interagency differences add another dimension to the frustration experienced by participants in the grant system. A New Jersey housing project is stymied because HUD and EPA are stalemated over sewer line requirements. The New York Times cites another instance involving HUD in "the catch-22 that defeated a small Kentucky community when it tried to combine EDA funds with a HUD grant to build a new sewer line. EDA approved of its share of the project contingent upon HUD's matching the EDA grant. HUD, meanwhile, had rejected the application because there was no 'firm commitment' of funds from EDA."

#### *Consolidation continuum*

One way to reduce—if not eliminate—some of the current difficulties with the grant "non-system" is through consolidation, a generic term encompassing a number of approaches to combining programs. The resulting mergers can be ranged along a continuum based on variations in consolidation objectives, scope format, recipient discretion, and political viability.

Supporters of consolidation argue it would achieve at least some of the following objectives: economy of reduced administrative costs; efficiency resulting in less paperwork and personnel; decentralization allowing for more recipient direction and decision making; generalist control where decisions are made by elected official; increased discretion of using funds to meet most urgent targets; program enlargement when desirable; improved coordination with reduced duplication and overlap; as well as the stimulation of innovation.

Formats of consolidations usually fall in one of five areas:

Structural consolidation encompasses a merger of program authorizations, modifying eligibility requirements and perhaps shifting the jurisdiction of the federal administrative agency and giving recipients greater discretion over resource allocation. Three block grants—Partnership for Health Act, the Comprehensive Employment and Training Act and the Housing and Community Development Act—are examples of structural consolidations. This approach entails both legislative and administrative streamlining, and hence is the most thorough type of merger. It is not used often, however, largely because the resulting loss of program identity and disruption of agency-interest group-Congressional alliances is politically difficult to achieve.

Procedural consolidation does not change basic program structure. Instead, it aims at reducing overhead by simplifying and combining planning, application, funding, reporting, auditing and administrative requirements. The Cooperative Forestry Assistance Act of 1978 is an example of an attempted procedural consolidation. The aim of this legislation is to consolidate funding at the state level, as well as to streamline administrative requirements. Successful procedural consolidations may eventually help pave the way to structural mergers.

Jurisdictional consolidation is undertaken when departments and agencies are authorized to consolidate their programs targeted to certain geographic regions. At the moment the only example of such consolidation concerns the U.S. Insular areas (the Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands and the Government of the Northern Mariana Islands). This form of consolidation maintains separate program authorizations while administrative requirements are streamlined. Recipients are given some latitude in the use of received funds.

Consolidation by title occurs occasionally when a number of programs can be grouped under one heading for conceptual reasons as in the case of the Older Americans Act Amendments of 1978 or the proposed "National Economic Development and Public Works Act of 1979." In the Older Americans Act, it was hoped that this form of consolidation would increase the visibility and impact of agencies handling the programs in question, as well as providing coordination for elderly resources despite the lack of any substantial program merger.

Consolidation by agency is not a program consolidation in the strict sense of the word, but it does bring together related programs under one organization. This is the case, for instance, with the Federal Emergency Management Agency which combines programs administered by the Fire Administration, Federal Insurance

Administration, Defense Civil Preparedness Agency, Federal Disaster Assistance Administration and Federal Preparedness Agency.

Two important considerations in any type of grant consolidation are recipient discretion and political viability.

Grant consolidation, particularly of the structural variety, increases recipient discretion in the allocation of funds. This is a positive improvement in the current grant system which is characterized by a federal government which, with increased frequency, is making policy decisions in traditionally state and local program areas. Ideally, the federal government should concern itself with determining broad national goals and policies while leaving the specifics of smaller program design and implementation to states and localities.

Despite the benefits of structural consolidation, the option is far less popular politically than procedural consolidation. The latter provides legislators with a visible program profile that is lost when grants are combined. Structural consolidation raises the specter of loss of program control for legislators, functional area administrators and special interest groups.

In light of the above considerations, the most appropriate candidates for consolidation are programs—

- Closely related in terms of the functional program area covered;
- Similar or identical with regard to their program objectives; and
- Linked to the same type(s) of recipient governmental jurisdictions.

Other such considerations might include the clientele involved, the region of the country, the time period in question, type of grants involved, matching requirements and congressional committees involved with the different program areas.

Consolidated grants must be seen in their relation to the overall grant spectrum. In the range of federal aid options from categorical grants to general revenue sharing, consolidated grants can vary from structurally consolidated block grants to the loosely combined categoricals of a consolidation by title. Figure 1 places the various consolidation options on a federal assistance continuum ranging from categoricals to general revenue sharing.

#### *The consolidation record*

Consolidation has been on the grant reform agenda for the last 30 years. The Hoover Commission in 1949 criticized the "fragmentation" of federal assistance programs. Although change has been gradual, some 60 mergers have actually taken place in the last 15 years. The late 60s and early 70s are significant in consolidation history in view of the increased momentum behind mergers, and particularly the creation of block grants. Although no new block grants have been created in the last five years, a number of consolidations have been proposed and enacted.

It is important to distinguish between block grants and categorical mergers when discussing consolidation. The two are easily confused since block grants can be a result of consolidation. The Partnership for Health Act in 1966 consolidated 9 categoricals, the Comprehensive Employment and Training Act in 1973 consolidated 17, and the Housing and Community Development Act in 1974 consolidated 6. Two block grants created entirely new programs: The Omnibus Crime Control and Safe Streets Act of 1968 and Title XX to the Social Security Act of 1935, passed in 1974.

The five features rendering block grants unique are: substantial recipient discretion; funds authorized for a wide range of functionally related activities; minimal federal administrative, planning, application, reporting and other requirements; aid distribution on a formula basis; and preference for general purpose governments.

Non-block mergers retain a variety of the original categorical features of narrow recipient discretion and stringent administrative requirements. Two non-block mergers which are sometimes confused with block grants are the Social Security Amendments of 1967 and the Education Amendments of 1974. The former consolidated maternal and child health and crippled children services; the latter merged eight categoricals into a libraries program as well as a program for learning resources, educational innovation and support.

Other consolidations have occurred in the fields of education, elderly programs, vocational and teacher training. Numerous other proposals have been set forth over the years concerning agricultural extension laws, transportation and rural community development with little success.

Three consolidations were enacted in 1977 and 1978 dealing with consolidated grants to the insular areas, forestry and programs for the elderly.

CONSOLIDATION FORMATS

↑ POLITICAL SUPPORT OF NATIONAL LEVEL ↓ RECIPIENT DISCRETION ↓	GRS Some block grants and mergers	Joint program authorizations and administrative streamlining	STRUCTURAL CONSOLIDATION
	.	Administrative streamlining (combined program planning, application, reporting, auditing, simplified funding)	PROCEDURAL CONSOLIDATION
	.	.	JURISDICTIONAL CONSOLIDATION
	.	.	CONSOLIDATION BY TITLE
	Categorical grants	Separate program authorizations and administrative requirements	CONSOLIDATION BY AGENCY
	.	.	.

Source: Advisory Commission on Intergovernmental Relations.

Title V of Authorization, Appropriation—U.S. Territories (Public Law 95-134) authorizes the jurisdictional consolidation of grants by agency to the U.S. insular areas of the Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands and the Government of the Northern Mariana Islands. Any one of these areas may present a single grant application or report. It may allocate agency funds between programs based on its particular needs. An agency may waive any written application or matching requirement. The amount of funds for consolidated programs may not be less than it would be otherwise. Although this jurisdictional consolidation facilitates program administration and provides greater recipient discretion, it does not consolidate funding at the source. Program authorizations remain separate.

To date, consolidation suggestions concerning the insular areas have been made by the Federal Emergency Management Agency (FEMA), HEW's Office of Education and Public Health service, as well as DOT. Of these, FEMA has actually administered a consolidated grant program in fiscal year 1979, while HEW has plans for fiscal year 1980 and DOT for fiscal year 1981. Although there is no stipulation concerning the types of grants to be consolidated, the ones considered by FEMA, HEW and DOT are primarily formula grants.

The two consolidated FEMA grants to the insular areas cover personnel, travel and administrative expenses as well as maintenance of services and community planning reports. The Office of Education provides the option of consolidating two or more of over 20 grants ranging from elementary, secondary, vocational, handicapped and higher education through library services as well as Indochinese refugee children assistance. The Public Health Service has six possible candidates for consolidation in the area of alcohol and drug abuse prevention, comprehensive public health services, hypertension, crippled children's as well as maternal and child health services. The six DOT programs are administered by FHWA, the Coast Guard and FAA and cover traffic safety, highways, rural transportation, hazard elimination, boating and airport development.

The Cooperative Forestry Assistance Act of 1978 (Public Law 95-313) consolidated the following programs: Assistance to States for Tree Improvement (CFDA 10.655; 16USC568e), Cooperative Forest Fire Control (CFDA 10.656; 16USC563), Cooperation in Forest Management and Processing (CFDA 10.657; 16USC568c-d), Cooperative Forest Insect and Disease Management (CFDA 10.658; 16USC594-1), Cooperative Production and Distribution of Forest Tree Planting Stock (CFDA 10.659; 16USC567), General Forestry Assistance (CFDA 10.660; 7USC2201) and Rural Community Fire Protection (CFDA 10.662; 7USC2651 and 2652). The current CFDA number for the consolidated program is 10.664.

The Act gives states more flexibility in targeting federal cooperative forestry funds. Although this is a procedural consolidation since the funding is made available through separate authorizations, states may, upon approval of an application, receive consolidated funds. Ideally, in the future, states will have single applica-

tions, reports and audits as well as rules and regulations for all programs. They are currently still being separately administered and funded.

The Older Americans Act Amendments of 1978, (P.L. 95-478) consolidated under one title the 1965 Older Americans Act Titles III, Grants for State and Community Programs on Aging (42USC3021-3029, CFDA 13.633, 4); V Multipurpose Senior Centers (42USC3041-3043); and VII Nutrition Programs for the Elderly (42USC3045(a)-(i), CFDA 13.635). The new Title III provides separate program authorizations for social services, now including senior-centers, (CFDA 13.633 incorporating the former 13.639) and for home delivered and congregate meals (CFDA 13.635).

Although the program authorizations remain separate, this consolidation, largely by title, was felt to reduce duplication and overlap in outreach, advocacy, needs assessment, planning, staff training and administration. Action of this sort could eventually lead to both procedural and structural consolidations.

Several additional consolidations have been proposed in the Congress. The Senate has passed the "National Economic Development and Public Works Act of 1979" (S. 914, H.R. 2063). This bill consolidates under a single title grants in the areas of public works and economic adjustment, while retaining separate program authorizations. The bill makes no provisions for administrative streamlining.

The "Domenici-Bellmon Optional Education Simplification Act of 1978" (S. 1780) is slated for reintroduction in the fall of 1979. This legislation gives the states the option to consolidate a number of elementary and secondary education grant programs grouped into titles dealing with special education, vocational and adult education as well as special curriculum projects. States may choose these consolidated grants clusters or retain the current, more fragmented approach. The advantages of opting for this procedural consolidation are the concomitant streamlining of planning and application requirements.

This Act is interesting in that it allows the states the choice of participation and using a negotiated plan as a vehicle for laying out intergovernmental administrative relations. The separate program authorizations at the federal side would, on the other hand, placate both existing influential Congressional-executive agency-interest group alliances as well as those concerned about retaining federal control.

The "Bellmon-Domenici Food and Nutrition Program Optional Consolidation and Reorganization Act of 1979" (S. 605) would also allow the states the option to choose reorganized and consolidated program funding. Programs to be consolidated include 14 in the areas of child feeding, food and nutrition education, as well as the commodity supplemental food program. The proposed consolidation of the food stamp program will likely be dropped. Under this procedural consolidation, the states may establish and administer programs to meet their specific needs in the above areas with some added discretion. Funding would be determined based on previous application.

The proposed "Integrated Environmental Assistance Act of 1979" (S. 1136; H.R. 4213) combines programs from such legislation as the Federal Water Pollution Control Act, as amended (33 U.S.C. 1151 et seq.) and the Safe Drinking Water Act (43 U.S.C. 300f et seq.). Environmental problems would be addressed by one coherent plan. The states would develop their own environmental programs to combat local problems. Recipient flexibility would increase by allowing up to 20 percent transfer of funds from one program to another. Single application, combined audit and progress reports would simplify program administration in this procedural consolidation.

The "Energy Management Partnership Act of 1979" (S. 1280; H.R. 4382) consolidates the State Energy Conservation Program (CFDA 81.043; 42 U.S.C. 6322) and Energy Extension Service (42 U.S.C. 7005). The procedural consolidation calls both for simplified administration and joint funding at the state level.

The Carter administration has offered consolidation suggestions in the areas of highways and mass transit. As yet, no action has been taken on these. The Office of Management and Budget is studying the possibility of consolidations in the fields of health services, library resources, interstate highways, rural development and human development services for the fiscal year 1981 budget.

Various states—such as Connecticut, South Carolina and Texas—as well as public interest groups—such as the National Governors' Association, the National League of Cities and the National Conference of State Legislatures—have considered consolidation measures that would simplify and streamline the federal aid process. In fact, the National Governors' Association has proposed a 10 percent reduction of state program costs in exchange for greater flexibility. The widespread interest highlights the need for facilitating legislation that would allow for grant consolidation in general.

The case of executive reorganization has demonstrated that efforts at change are likely to be stymied by statutory obstacles unless preventive legislation is enacted. Congressional pigeonholing of consolidation legislation is a perennial problem. For these reasons, functional consolidation must go hand in hand with overall consolidation legislation such as proposed in Titles II of S. 878 "Federal Assistance Reform Act" and S. 904 "Federal Assistance Reform and Small Communities Act."

*Pending Federal assistance reform legislation*

Recent grant reform legislation indicates both a need for further action, as well as an encouraging interest in the issue. The two most promising areas currently under consideration by the Congress are sunset (S. 2 and H.R. 2) and grant reform (S. 878, H.R. 4504; S. 904). The two actually complement each other. Sunset evaluation of programs suited for termination would provide much of the necessary information for grant reform.

The two grant reform bills, the "Federal Assistance Reform Act" (FARA) (S. 878, H.R. 4504) and the "Federal Assistance Reform and Small Communities Act of 1979" (S. 904) address a number of vital issues in the grant-in-aid arena including grant consolidation. Both bills would provide for a permanent process for any proposed functional consolidation. The power of initiative rests in the executive branch since the President, at his discretion, suggests various consolidation measures to Congress. To ensure prompt attention, the consolidation proposal must be considered in the appropriate committee within 90 days. In case of no action by committee, the resolution is placed on the calendar of the house involved. Under S. 878 and its companion bill H.R. 4504 the President shall report annually to Congress on the consolidation packages and their implementation (S. 904 excludes this requirement). The programs to be consolidated must be functionally related. They must be administered by a single agency previously responsible for them. If in conflict with another statute, the consolidation package supercedes it, when so specified. S. 904 considers proposed consolidation packages only to 1981; FARA to 1984.

The main benefits of Titles II of FARA and S. 904 would be to establish a permanent consolidation process and stimulate Congressional commitment to expeditiously deal with Presidential grant consolidation initiatives. While this measure is only as good as the cooperation of the various parties involved, its existence would serve to remind the public of the possibility of good government and the saving of tax dollars.

*Conclusion*

In order to facilitate consideration of grant consolidation, ACIR has updated its 1977 list of possible consolidations. That list is attached as Appendix A.

It should be noted that those who complain about the ramifications of program fragmentation often also help encourage the situation. Interest groups pressure an acquiescing Congress into creating special programs. State and local governments do solicit and accept federal grant funds. Obviously some self examination and re-ranking of priorities is necessary if grant consolidation is to become a reality. Several public interest groups have begun this reassessment by exploring grant consolidation as a trade-off for reduced grants-in-aid, as has been noted. As our nation adjusts to the new and enduring environment of fiscal constraint, pressure will continue to grow for such cost-saving, economy producing strategies. In light of these pressures, grant consolidation, not grant proliferation, should characterize our federal grant system in the decade of the 1980's.

APPENDIX A—ACIR'S LIST OF POTENTIAL CATEGORICAL GRANT CONSOLIDATIONS

KEY:

Recipient key:

1. State
2. State and Local
3. Local
4. Governmental and non-governmental

Matching code for percentage of Federal funds:

- 33-67—Federal share is variable between 33 percent and 67 percent
- 80,30—Federal share declines over time from 80 percent to 30 percent
- 50/75—Federal share is different for different types of activities
- CS—Federal share is less than 100 percent, but not specified
- X<sup>1</sup>—Federal payment is flat rate per meal served.

Grant type:

- F—Formula
- P—Project

**Administering agency:**

ACT—Action

AGR—Department of Agriculture

DOT—Department of Transportation

EPA—Environmental Protection Agency

OE—Office of Education (DHEW)

OHDS—Office of Human Development Services (HUD)

PHS—Public Health Service (DHEW)

CFDA—1978 Catalog of Federal Domestic Assistance

\*Asterisk indicates program added since 1977.

The following change in the 1979 CFDA should be noted: 13.464, formerly called Library Services—Grants for Public Libraries is now entitled Library Services and Construction Act.

U.S. Code, agency, and CFDA No.	Program title	Grant type	Percentage of Federal funds	Recipient	Budget subfunction
	HIGHWAY BEAUTIFICATION .....				406
23USC136; DOT; 20.214.	Highway Beautification: Control of Junkyards .....	P	75	1	6
23USC131(g), 131(j); DOT; 20.2214.	Highway Beautification: Control of Outdoor Advertising .....	P	75	1	7
23USC319; DOT.....	Highway Beautification: Landscaping and Scenic Enhancement.	F	100	1	8
	TRANSPORTATION SAFETY .....				401
23USC402(a)-(d); DOT; 20.600.	Highway Safety: Basic Grants.....	F	70	1	9
23USC130, 130 note, 120; DOT.	Highway Safety: Eliminating Hazards Railway-Highway Crossings.	F	90	1	10
23USC402(j); DOT.....	Highway Safety: Incentive Grants: Seat Belt Law.....	F/P	70	1	11
23USC402(j); DOT.....	Highway Safety: Incentive Grants: Reduced Traffic Fatalities.....	F/P	70	1	12
23USC153, 420(c); DOT.	Highway Safety: Program for the Elimination of Roadside Obstacles.	F	90	1	14
23USC152, 402(c); DOT.	Highway Safety: Projects for High Hazard Locations.....	F	90	1	15
23USC144; DOT.....	Highway Safety: Special Bridge Replacement Program.....	F/P	75	1	19
15USC1961, 1963; DOT..	Motor Vehicle Diagnostic Inspection Demonstration Projects .....	P	90	1	32
	VOCATIONAL REHABILITATION .....				506
29USC771(b); OHDS; 13.626.	Vocational Rehabilitation and Other Rehabilitation Services: Special Federal Responsibilities: Rehabilitation Facilities Construction Grants.	P	50-67	4	40
29USC771(c); OHDS; 13.626.	Vocational Rehabilitation and Other Rehabilitation Services: Special Federal Responsibilities Initial Staffing Grants.	P	75,30	4	41
29USC771(d); OHDS; 13.626.	Vocational Rehabilitation and Other Rehabilitation Services: Special Federal Responsibilities: Rehabilitation Facility Planning Grants.	P	90	4	42
29USC772(c); OHDS; 13.626.	Vocational Rehabilitation and Other Rehabilitation Services: Special Federal Responsibilities: Rehabilitation Facility Improvement Grants.	P	80	4	43
29USC772(b); OHDS; 13.626.	Vocational Rehabilitation and Other Rehabilitation Services: Special Federal Responsibilities: Vocational Training Services for Handicapped Individuals.	P	90	4	44
29USC730; OHDS; 13.624.	Vocational Rehabilitation and Other Rehabilitation Services: Vocational Rehabilitation Services: Basic Grants to States.	F	80/50-67	1	45
29USC740; OHDS; 13.626.	Rehabilitation Services: Innovation and Expansion.....	F	90	1	47
	CHILD NUTRITION AND SCHOOL MEALS .....				604
7USC612c; AGR; 10.550.	Food Distribution.....	P	100	4	17
42USC1755; AGR; 10.550.	Food Distribution: Differential Payments .....	F	100	1	18
42USC1774; AGR; 10.554.	Child Nutrition Programs: Equipment Assistance for School Service Programs.	F	75	4	8



U.S. Code, agency, and CFDA No.	Program title	Grant type	Percentage of Federal funds	Recipient	Budget subfunc- tion
42USC1773(a); AGR; 10.533.	Child Nutrition Programs: School Breakfast Program.....	F	X <sup>14</sup>	4	11
42USC1752; 1753; AGR; 10.555.	Child Nutrition Programs: School-Lunch Food Assistance Programs.	F	25	1	12
42USC1759a(a); AGR; 10.555.	Child Nutrition Programs: Special Assistance for Free and Reduced-Price School Lunches.	F	X <sup>14</sup>	1	13
42USC1761; AGR; 10.559.	Child Nutrition Programs: Summer Food Service Program for Children.	F	100	1	15
42USC1772; AGR; 10.556.	Special Milk Program for Children .....	F	X <sup>14</sup>	4	25
42USC1776; AGR; 10.560.	Child Nutrition Programs: State Administrative Expenses.....	F	100	1	14
	PREVENTIVE AND PROTECTIVE HEALTH.....				551
42USC4571; PHS; 13.257.	Alcohol Basic Grants.....	F	100	1	3
42USC4574(a); PHS; 13.290.	Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation: Special Projects to Implement the Uniform Act.	P	100	1	2
42USC4577*; PHS; 13.899.	Alcohol Abuse and Alcoholism Prevention Demonstration.....	P	100	4	1
42USC3004-2(a); PHS; 13.284.	Emergency Medical Services: Establishment and Initial Oper- ation of System.	P	50,25	4	19
42USC3004-1(a); PHS; 13.284.	Emergency Medical Services: Feasibility Studies and Planning...	P	100	4	21
42USC701(2), 702(2); PHS; 13.211.	Maternal and Child Health and Crippled Children's Services: Crippled Children's Service: Basic Grants.	F	50	1	34
42USC703(2); PHS; 13.232.	Maternal and Child Health and Crippled Children's Services: Maternal and Child Health Special Projects.	P	100	4	37
42USC247d(d); PHS; 13.246.	Migrant Health Centers Operations .....	P	CS	4	43
42USC26881; PHS; 13.254, 13.280.	Narcotic Addiction: Drug Abuse and Drug Dependence Pre- ventions and Rehabilitation: Survey and Demonstration Projects.	P	100	4	45
42USC247b; PHS; 13.268.	Communicable and Other Disease Control Programs: Measles Control.	P	100	2	8
42USC247b; PHS; 13.268.	Communicable and Other Disease Control Programs: Control of Diseases other than Tuberculosis or Measles.	P	CS	2	9
42USC1176; PHS; 13.269.	Drug Abuse: Prevention and Treatment: Basic Grants .....	F	100	1	17
42USC4801(e); PHS; 13.266.	Lead-based Paint Poisoning Prevention: Detection and Treat- ment of Lead-based Paint Poisoning: Centralized Labora- tory Facilities.	P	100	1	32
42USC4801(a); PHS; 13.266.	Lead Based Paint Poisoning Prevention: Detection and Treat- ment of Lead-based Paint Poisoning: Development of Local Programs.	P	90	4	33
42USC247(b); PHS; 13.267.	Urban Rat Control.....	P	CS	2	54
42USC247c(d).....	Veneral Disease Prevention and Control Programs: Project Grants.	P	CS	2	55
42USC247c(b); PHS; 13.268.	Veneral Disease Prevention and Control Programs: Research, Demonstration and Training Projects.	P	CS	4	56
	STATE EDUCATION ASSISTANCE.....				501
20USC2380; OE; 13.494.	State Vocational Education Programs: Consumer and Home- making Education.	F	50/90	1	62
20USC2330; OE; 13.493.	State Vocational Education Programs: Basic Grant.....	F	50/100	1	61
20USC2370; OE; 13.499.	State Vocational Education Programs: Special Programs for the Disadvantaged.	F	100	1	63
20USC2305; OE; 13.500.	State Vocational Education Programs: State and Local Advi- sory Councils.	F	100	1	65
20USC2304; OE; 13.493.	State Vocational Education Programs: State Administration.....	F	100	1	64

U.S. Code, agency, and CFDA No.	Program title	Grant type	Percentage of Federal funds	Recipient	Budget subfunc- tion
	<b>COMPREHENSIVE URBAN TRANSPORTATION.....</b>				<b>401</b>
23USC104(b)(3), 103; DOT.	Highways: Federal Aid Primary and Secondary Systems: Extensions within Urban Areas.	F	70	1	21
23USC104(b)(6), 103(d); DOT.	Highways: Federal-Aid Urban Systems .....	F	70	1	24
23USC146; DOT.....	Highways: Special Urban High Density Traffic Program.....	P	90	1	30
23USC104(f), 134; DOT.	Transportation Planning in Urban Areas.....	F	70/90	1	35
23USC135; DOT.....	Urban Area Traffic Operations Improvement .....	P	100	1	36
49USC1604; DOT; 20.507.	Urban Mass Transportation Capital and Operating Assistance Formula Grants.	F	50/80	3	1
49USC1607b; DOT; 20.503.	Urban Mass Transportation: Managerial Training Programs .....	P	75	2	4
49USC1607a; DOT; 20.505.	Urban Mass Transportation Technical Studies .....	P	80	2	7
49USC1602(a); DOT; 20.500.	Urban Mass Transportation: Facilities and Equipment .....	P	80	2	3
49USC1613*; DOT; 20.508.	Urban Mass Transportation: Rail Passenger Service Assis- tance.	P	50	2	5
	<b>COMPREHENSIVE STATE TRANSPORTATION .....</b>				<b>401</b>
23USC321; DOT.....	Education and Training Programs for Highway Personnel .....	F	70	1	5
23USC125, 120; DOT .....	Highways: Emergency Relief .....	P	70	1	20
23USC104(b)(1), 103(b); DOT.	Highways: Federal-Aid Primary System in Rural Areas .....	F	70	1	22
23USC104(b)(2), 103(c); DOT.	Highways: Federal-Aid Secondary System in Rural Areas.....	F	70	1	23
23USC204, 202(a); DOT.	Highway Forest Highways .....	F	100	2	25
23USC104(b)(5), 103(e); DOT; 20.205.	Highways: Interstate System.....	F	90	1	26
23USC147; DOT— .....	Highways: Priority Primary Routes.....	F	70	1	27
23USC209, 202(c); DOT— .....	Highways: Public Land Highways.....	F/P	100	1	28
23USC307(c); DOT— ...	Surveys, Planning, Research and Development for Highway Programs.	F	70/90	1	34
	<b>WATER POLLUTION PREVENTION AND CONTROL.....</b>				<b>304</b>
42USC300j-3(a); EPA; 66.506.	Safe Drinking Water Research and Demonstration.....	P	67/75	4	9
33USC1288(f); EPA; 66.426.	Water Pollution Control: State and Areawide Waste Treat- ment Management and Planning Grants.	P	75	2	22
33USC1256; EPA; 66.419.	Water Pollution Control: State and Interstate Programs.....	F/P	100	1	23
33USC1281(g); EPA; 66.418.	Water Pollution Control: Waste Treatments Works Construc- tion.	F/P	75	2	35
33USC1255(e)(2); EPA; 66.505.	Water Pollution Control: Research and Development Pollution from Sewage in Rural Areas.	P	95	4	25
	<b>PUBLIC LIBRARY AID.....</b>				<b>503</b>
20USC355e; OE; 13.465.	Public Library Programs: Inter-library Cooperation .....	F	100	1	15
20USC352; OE; 23.464 ...	Public Library Services.....	F	33-67	1	16
20USC441,442(a)443(a) (1); 44(a); OE; 13.570.	Strengthening Instruction in Science, Math, Languages, and Other Critical Subjects: Equipment and Minor Remodeling.	F	50	1	17
20USC18010*; 1806,1821; OE; 13.570.	Libraries and Learning Resources.....	F	100	1	10
	<b>CHILD WELFARE SERVICES .....</b>				<b>506</b>
42USC5103(b)OHDS/ 13.628.	Child Abuse and Neglect Prevention and Treatment: Assis- tance to States for Developing, Strengthening and Conduct- ing Programs.	F/P	100	1	7

U.S. Code, agency, and CFDA No.	Program title	Grant type	Percentage of Federal funds	Recipient	Budget subfunc- tion
42USC620; OHDS; 13.645.	Child Welfare Services: Basic Grants to States.....	F	67-33	1	9
42USC5711, (5713,5716 5751(a)); OHDS; 13.623.	Developing Local Facilities for Runway Youths.....	P	90	4	11
	DOMESTIC VOLUNTEER SERVICES.....				506
42USC5011(a) ACT; 72.001.	Domestic Volunteer Services: Foster Grandparent Program.....	P	90	4	15
42USC5001; ACT; 72.002.	Domestic Volunteer Services: Retired Senior Volunteer Pro- grams (RSVP).	P	90/70	4	16
42USC5011(b); ACT; 72.008.	Domestic Volunteer Services: Senior Health Aids and Senior Companions.	P	90	4	17

STATEMENT OF GEORGE G. GRAHAM, M.D., PROFESSOR OF HUMAN NUTRITION AND  
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From the complacent assumption that our abundance of food, at the lowest real cost in the world, somehow guaranteed adequate nutrition for all, public opinion was frightened into believing in 1968 that there were 10 million "starving" Americans. Eleven years later there is a heightened awareness of the importance of nutrition to well-being and healthy survival, but there is still much legitimate uncertainty as to what constitutes "malnutrition" and who is "malnourished". Overnutrition is increasingly recognized as more prevalent and a more important deterrent to health in this country than undernutrition, particularly so among the "neediest" sectors of our society. We do not know and it may be impossible to ascertain if the various programs aimed at improving the nutritional status of the population of the United States are indeed accomplishing their stated goal.

Although much of the nutrition establishment is deeply immersed in efforts to make all our citizens consume their "recommended" intakes and achieve "acceptable" anthropometric and biochemical standards, a significant sector of the same establishment, supported by the Congress, is justifiably alarmed by the obvious consequences of a readily available and easily consumed excess of food and by the imbalance between individual intakes and expenditures of energy. Leading the pack, though frequently stumbling and too often exploited, is a growing percentage of the citizenry, firmly convinced that the way to a longer healthier life lies in "better nutrition". To very many this somehow means the latest "diet" or the latest "supplement" of a variety of nutrients and so-called nutrients. To many others it means some form of vegetarianism, with "natural" foods, a lot of fiber, no meat, no saturated fat, and certainly no cholesterol. Some of these are so convinced that they impose their beliefs on their infant children, not too infrequently causing them to be undernourished, or actually dangerously malnourished. The most determined are those who recognize that our modern conveniences, particularly the automobile and the television set, have made us increasingly sedentary and are literally running for their lives.

The world is being treated to the spectacle of the most highly educated and prosperous members of society attempting to revert to the diet and physical activity of the poorest, while these in turn yearn for the abundance of highly nutritious and easily prepared food, and the comfort and conveniences being increasingly spurned by those who can afford them best.

It would be a mistake to assume that involuntary undernutrition no longer exists in this country, and just as much of a mistake to assume that what does exist, in different forms and among different people in our uniquely heterogeneous society, can be eliminated by a proliferation of categorical programs aimed at different target groups. There is an increasing recognition of the importance of "nutrition education", but the manner in which it is implemented depends on who is teaching what and to whom. At one extreme we are stigmatizing those who are short in stature and weigh less than the ever-increasing average, and we encourage and facilitate increasing consumptions of "milk, meat and eggs". Because surveys have shown that large percentages of the population are not satisfying "calorie requirements", we unwittingly encourage increased consumptions of sugar and separated fats, the easiest way to increase calorie intake. Too often forgotten is the well-

documented fact that it in the same stratum of society, the poorest, that we have an alarming increase in the incidence of obesity and now, super-obesity, a term for those who weigh 160% or more of the "appropriate" weight for height. At the other extreme are those who accept the existing evidence, most of it circumstantial, that these foods and many others are dangerous for all and should be avoided.

The information that we have about the nutritional status of our people, and we do have an increasing amount of reliable data, increasingly emphasizes regional differences, racial and class differences, urban-rural differences, and differences due to the age make-up of populations. One categorical program, wisely and humanely conceived, may seem and may actually be very appropriate for some States but may be quite unnecessary in others, which could use a different program, or might in fact require no "food assistance" as such. Often enough an individual State may have a sound understanding of its "nutrition" problems and their causes but is forced to try to fit these to existing programs instead of being in a position to fit programs, or possibly a single program, to defined or definable needs.

The proposed "Food and Nutrition Program Optional Consolidation and Reorganization Act" is an important and very large step in the right direction. Without abandoning its responsibilities, the Federal Government would secure for the nation the advantages of having a number of States putting their best talents to work on the development of a unified approach to nutrition problems, seeing them as one part, albeit an important one, of the complex social problems which are characteristic of their populations. Successful approaches could then be adapted for use in other States, as suggested.

The repeated use of the terms "needy" and "neediest" in this, as in existing legislation, is to a certain extent unfortunate. To many, particularly the elderly, its connotations may injure their pride and keep them from participating in what might rightfully be at their disposal. The terms also lead those who administer programs to base participation strictly on an income or net worth basis, when low income does not necessarily mean undernutrition and a seemingly adequate "net worth" does not guarantee adequate nutrition. Of the innovations which might be implemented by one or more States would be imaginative systems to identify nearly everyone in need of nutritional support, be it as food, as individually tailored guidance, or as a comprehensive approach to their basic problems. Where undernutrition is highly prevalent, very seldom the case in this country, programs can justifiably be developed for entire populations on the basis of a scientifically chosen sample surveyed. When it is sporadic and tends to occur among those who do not participate voluntarily in surveys, as among decompensated urban families, recourse must be had to other means of identification, such as the emergency rooms of hospitals, the only health facility used by most such families.

If malnutrition, particularly undernutrition, is seen as an outward manifestation of a profound malaise in a family, after medical causes have been ruled out, a properly organized State or local health system can bring its resources to bear on the family's problems, with food as one of the resources. Section 9(a) of the proposed legislation speaks to the comprehensive nature of a State plan: just how comprehensive will depend on the services already available and to the manner in which food and nutrition services are coordinated with others.

Section 8(1) requires that each State developing a Comprehensive State Plan shall "establish procedures designed to assure that a comprehensive assessment is made to determine the food and nutritional requirements of the neediest people. . . ." In this area it can be expected that different States will come up with approaches which are appropriate to their populations and to their known or expected prevalence of malnutrition. The same holds true for Section 8(2), dealing with the need for education. It will require considerable imagination, for instance, to educate groups in whom overnutrition is very frequent but who have been led to believe that undernutrition, in amount or quality, is their major problem. One of the obstacles will be the need to convince many professionals that "recommended allowances" are not the same as individual requirements.

Section 9(b) gives the Secretary 60 days after receipt of a comprehensive State plan to notify the State whether the plan complies with the requirements of the proposed Act. This section does not suggest the way in which such a decision might be reached. If the full benefits are to be attained, it will not suffice for any proposed State plan to merely seem to conform with the letter of Sections 8 and 9. It should be necessary to determine, with reasonable certainty, if the human element and other needed resources will indeed be available to put the plan into effect. With such a brief period for a review of an unspecified nature it might also happen that the most imaginative and potentially most effective plans might be turned down because of a hasty review mechanism. It should seem desirable to have a review

panel with expert non-Government representation, allowing time to duplicate and circulate the proposals for study by the reviewers, to plan a formal meeting, and to allow for "site visits" when indicated.

Section 14 addresses the important and complex subject of evaluation. Where undernutrition is not highly prevalent to begin with, this will be difficult but certainly not impossible if it is recognized that a cause and effect relationship will be difficult to establish. The same procedures used to identify malnutrition can be used to monitor changes in its prevalence. The use of data on the "number of such persons served by each program" does not measure the "effect or results of such services or programs", for example, "nutrition education". Along with judging the appropriateness of the context of such education, it will be necessary to measure changes in the nutrition knowledge of the population and in their buying and consumption patterns. In such evaluations it will become more important to distinguish clearly between income supplementation and improved nutrition and health.

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STATEMENT OF FREDERICK L. TROWBRIDGE, M.D., M.Sc., ASSISTANT PROFESSOR OF HUMAN NUTRITION, EPIDEMIOLOGY, AND PEDIATRICS, JOHNS HOPKINS UNIVERSITY, BALTIMORE, MD.

The proposed Bill (S. 605) for the optional State management of food and nutrition assistance programs requires an initial assessment of the nutritional needs of the most vulnerable groups within each participating State. Also required, but less clearly defined, is a mechanism for the evaluation and monitoring of the effects or results of such services and programs. This statement reviews alternative means of making such assessments and of monitoring nutritional impact and considers some of the implications of adopting the different approaches.

#### *A. Assessment of nutritional needs*

The proposed legislation calls for the assessment of the food and nutrition needs of the neediest people of the State. Although the most likely target groups for this assessment are identified (children, infants, expectant mothers, elderly people, institutionalized populations and isolated population of the State) the means by which the assessment is to be made are not specified. Perhaps this omission reflects the recognition that the means of nutritional assessment are varied and complex. Different assessment techniques may provide differing and even contradictory impressions of the nature and extent of nutritional problems. Also, some assessment techniques may not be practical for routine use in service-oriented programs. In view of these complexities, alternative approaches to nutritional assessment are presented below, with a brief review of some of these possible strengths and limitations.

1. *Nutrition needs assessment based on income.*—The use of income criteria for judging eligibility for food and nutrition assistance has the advantage of being a relatively objective criterion which can be assessed either for individuals or for populations. The validity of income criteria as an indicator of nutritional need is based on the repeated demonstration (e.g., Ten State Nutrition Survey and HANES Survey) that decreased family income is associated with lesser growth in children, a tendency towards decreased calorie and protein intake and a tendency towards a greater prevalence of anemia. However, the interpretation of these general observations is complicated by the simultaneous finding of increased obesity among poor women and by the observation that many persons with incomes below the poverty levels consume diets at or above recommended dietary allowances. Because of the inconsistencies in the relationship between poverty and nutritional need, income criteria are not a reliable basis for judging the need for food assistance. Provision of food aid on the basis of income level may serve as an income supplement to low income families by freeing up money from food costs to be used for other needs, but this mechanism of income supplementation may not be the most efficient. Provision of food assistance to low income families may actually tend to aggravate the nutritional problem of obesity due to overeating in some recipients.

2. *Nutrition needs assessment using existing data.*—Another source of information for nutritional assessment is existing information from surveys or studies carried out within the State. Extensive data from populations in ten States (Washington, California, Texas, Louisiana, South Carolina, Kentucky, West Virginia, Michigan, Massachusetts, and New York) were in the Ten State Nutrition Survey. The Pre-school Nutrition Survey studied small samples of children in thirty-six states. Other survey data may be available from studies carried out on the State or local level by State agencies or Universities. In addition, very useful but less quantitative information on the location and extent of nutritional problems may be gained from the

observations and experience of nutritionists and health professionals who have worked among isolated or nutritionally vulnerable groups within the State.

Clinical data from State, County and Local Health Department facilities has been increasingly utilized to monitor nutritional and health status of children. These data, including weights, heights, and hemoglobin values, are routinely collected and can be tabulated to characterize and monitor growth status, obesity and anemia among clinic attenders. During the last four to five years the Center for Disease Control has assisted an increasing number of states in collecting and tabulating these types of data in a standardized format so that changes in these nutritional indicators can be observed over time and differences between regions, among different ethnic groups, or among different States can be defined. At present, 25 States are participating in the CDC-assisted nutrition surveillance program. These participating States could use surveillance data as part of their assessment procedure, and States not currently participating could initiate surveillance using the same standardized format and analysis procedures.

3. *New sources of data for nutrition needs assessment.*—Depending on the availability and adequacy of existing nutritional data, States might require additional studies or surveys in order to formulate an adequate nutrition needs assessment. Requirements will obviously depend on the circumstances within each State. However, past experience indicates that undertaking large scale surveys would be costly and would require more time than the two year planning process will permit. On the other hand, small scale, well-targeted surveys using simplified methods may be extremely useful in providing quantitative answers to specific questions. Such surveys can utilize simplified height, weight, hemoglobin and, if essential, dietary techniques to assess nutritional problems in a quantitative manner in specific populations. This type of simplified survey technique avoids the complexities and interpretative difficulties often associated with extensive clinical, biochemical and dietary investigation.

Use has not been made, and easily could be made, of similar data from individuals seeking medical attention at public and private hospitals and other health facilities.

#### *B. Evaluation of program impact: Monitoring the need for continued food assistance*

Section 14 of the proposed Bill discusses the evaluation of the State food and nutrition programs and indicates the need to evaluate both the provision of services to needy persons and the effect or results of such services and programs. The first of these evaluation objectives, the evaluation of the functioning of the programs, implies a basically administrative review of the services provided and costs incurred. The second evaluation objective, the evaluation of the effect or results of the programs, implies an evaluation of the impact of the programs in dealing with nutritional problems and of the need for continued food assistance. In order to carry out the second of these evaluation functions, some mechanism must be defined for the monitoring of changes in nutritional status over time within the target populations of the State. One approach would be to carry out periodic surveys, necessarily of a limited, simplified and well focused nature. However, even the most simplified surveys require a substantial input of funds and personnel beyond the routine functioning of nutrition and health programs.

The difficulties associated with mounting periodic surveys highlight the advantages of utilizing a nutrition status monitoring system capable of continuous data output based on routinely collected data. However, it must be recognized that these types of surveillance systems have important limitations. One such limitation is that the data collected will reflect the nutritional status of only that portion of the population which utilizes State, county or local health facilities. Also, as with any data processing system utilizing data from a wide variety of sources, considerable effort must be expended to assure the standardization of measurement techniques and the uniform reporting of data. Finally, until the collection and processing of the data has become an established routine, there will be delays in the timely production of finalized results. Despite these limitations, experience over 5 years has established the feasibility of this type of surveillance activity, and has shown that the data can be useful in defining trends in nutritional indicators.

#### *C. Use of funds for nutrition related, nonfood services*

The proposed legislation recognizes that while there are some persons and populations whose nutritional requirements may be inadequately met, the larger problem is one of "targeting food programs to special populations, the prevention of obesity, and the provision of nutritional counseling." It is further recognized that there is "little evidence of the desirable nutritional consequences of our massive federal feeding effort." These important realizations indicate the need to avoid viewing the distribution of food as the sole or even the major answer to nutritional problems.

Such a view ignores the fact that proper nutrition is an aspect of overall health and that malnutrition, whether observed as undernutrition or overnutrition, is closely related to the social, cultural and health environment in which the individual lives. Simply providing food to those who may or may not be malnourished may at best be a rather inefficient form of income supplementation and, at worst, may actually promote malnutrition by encouraging overeating and obesity. In this regard, the emphasis of the bill on the need for nutrition education rather than solely on food distribution is most appropriate.

Proper nutrition is most appropriately viewed as an aspect of good health. Long-term improvement in nutrition will best be accomplished by improvements in health care, health and nutrition education and through the provision of social services which may be far more effective in reaching the causes of malnutrition. It would seem appropriate, therefore, to specifically allow the use of funds under this bill beyond the provision of food and even beyond services which are directly nutritional such as nutrition education. The ongoing assessment of nutritional status and of nutritional needs should be the guide to the continued use of funds for strictly nutritional purposes. As the monitoring process indicates that nutritional needs are being met, it would seem appropriate to allow the application of funds to related health and social services. In this way, continuing inputs of strictly nutrition services would not be inexorably continued after the need for these specific services was shown to have been met.

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#### STATEMENT OF THE AMERICAN DIETETIC ASSOCIATION, CHICAGO, ILL.

The sponsors of S. 605 are to be commended for seeking a means of establishing priorities that will avoid duplication of efforts both in the provision of nutrition services within the States and the funding thereof. Members of The American Dietetic Association are committed to cooperate with all attempts to contain the cost of health care services.

We believe, however, that there is a need for clarification S. 605 concerning the authorities and responsibilities of the agencies chosen for administration at the State and National levels.

Programs with responsibilities in the field of nutrition are scattered through numerous agencies and departments. They should be identified as the base at the start if the proposal is to meet with success.

The programs that would be grouped together under the provisions of S. 605 are not entirely compatible in objectives, scope of services provided nor sources of Federal funding. For example, the Food Stamp Program is intended to augment income and is administered on the basis of economic need with no specific relationship to the nutritional needs of the recipients. No limitations on foods that may be purchased are set forth and there is no nutritional education program.

On the other hand, the Child Nutrition Programs, including WIC, do have both a nutritional status and income status requirement for participation with identified, measurable objectives definitely directed toward the improvement of the health of the recipients.

We believe that the addition of another bureaucratic layer of administration will not be cost-saving nor effective in improving nutritional status.

We believe that there is a need for clarification concerning the proposed assessment of the food and nutrition requirements in each State. This appears, as written, to be a dual assignment: to identify the economically neediest as well as the identification of the nutritional needs within each participating State. Economic stability does not necessarily connote nutritional health.

Each State participating in the total program would be required to employ a professional staff equipped to conduct a scientific, viable study as well as one to do a follow-up evaluation of the cost/effectiveness of each of the programs as justification for continuation of funding of each of the programs. While this is a most desirable procedure we question the ability of many States to conform and the cost involved in data collection and evaluation as well as the standardization of procedures at a time when cost containment is uppermost.

We recommend that the responsibility for conducting the needs assessment and program evaluation as well as the level of expertise responsible for these activities be stated in the bill.

The American Dietetic Association supports nutrition education as an integral component of all food and nutrition programs. Without the dissemination of reliable nutrition information planned as a sequential program designed to meet the needs and learning abilities of the target population, we cannot meet the goal of educating

people so that they may take the responsibility for maintaining their own health through improved nutritional practices.

Some of the programs that would be grouped under the provisions of S. 605 have identifiable nutrition education programs, others have little or none. Both the development and coordination of such an activity should be a part of the objectives of this bill if it is to be cost saving and health beneficial. We believe that it is appropriate to include such a provision within S. 605 with a designation as to which State agency would be responsible for the assignment.

Some programs such as the School Nutrition Programs, Child Day Care, and Nutrition Programs for the Elderly are successful because of the local, community participation and involvement in their administration. This must be seriously considered when contemplating any change that could discourage and ultimately eliminate the contribution of concerned citizens for the health and well-being of their communities. Volunteer time, effort and dedication must be a part of the equation when evaluating the cost of program administration.

The mechanism for final apportionment of the funds allocated to the single State agency to be created by S. 605 must be carefully designed. The lack of coordination of State and Federal budgets could lead to considerable confusion in program planning and implementation.

If the needs assessment is to be the basic criterion for individual program funding this would have to be provided for with a continuing ongoing activity with annual or specific periodic evaluation of each program plus establishment of criteria and priorities for decisionmaking regarding ongoing funding status.

Under the present system a State and a community is assured of designated program funding for a specified period of time and thus can plan activities within the budgetary figure. To adopt a system of block grant funding to the States wherein a program has limited assurance of receiving a stable share of the allotment can lead to inadequate funding to carry out pre-established and expected activities as well as to unwise use of funds when more than can be appropriately used is apportioned to a program.

As we presently perceive the content of S. 605, we believe that it will require the creation of an additional agency at both the Federal and State levels of government to administer the provisions therein; it will lead to confusion in local administration of programs and possible unwise competition for the funding thereof; it will not result in a cost-saving mechanism nor without prior agreement as to the nutritional objectives of all programs involved will the change in the administration ultimately be cost/effective in improving the nutritional health of the public.

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**STATEMENT OF PERRY A. LAMBERT, M.D., CHAIRMAN, COUNCIL ON GOVERNMENTAL ACTIVITIES, OKLAHOMA STATE MEDICAL ASSOCIATION**

The Oklahoma State Medical Association endorses, without qualification or change, the nutrition bill introduced by Senator Henry Bellmon of Oklahoma (S. 605).

It is obvious to all physicians that malnutrition does in fact still exist in this United States of America. But it does so in a bewildering variety of forms, with remarkably different incidences in different jurisdictions and geographic areas, and with markedly different impacts upon the health of individuals living in particular circumstances.

S. 605, in our opinion, encapsulates the best features of health related federal legislation.

It provides for state administration, so that the individual complexities of a single state may receive priority consideration.

It provides for the establishment of goals, against which results can be measured. It provides to each state the flexibility of directing funds and programs to areas of genuine need, thus heightening the possibility that goals will be obtained while decreasing the probability that scarce federal funds will be wasted.

It provides for simplicity of administration.

Best of all, it offers a true opportunity for solution of a genuine health problem. We hope that the Committee and Congress will look favorably upon S. 605.





1 lowing food assistance programs presently being provided the  
2 States under existing laws:

3 (1) the food stamp program provided for under the  
4 Food Stamp Act of 1977;

5 (2) the child feeding programs provided for under  
6 the National School Lunch Act and the Child Nutrition  
7 Act of 1966;

8 (3) the expanded food and nutrition education pro-  
9 gram provided for under the Smith-Lever Act; and

10 (4) the commodity supplemental food program.

11 (b) It is the further purpose of this Act to permit those  
12 States which select the consolidation and reorganization pro-  
13 gram authorized by this Act greater flexibility in the use of  
14 Federal funds provided for food and nutrition assistance than  
15 such States presently have under the separate programs de-  
16 scribed in subsection (a); to permit the States to formulate,  
17 establish, and administer food and nutrition programs which  
18 match the requirements of their neediest populations; to de-  
19 velop effective methods of educating their citizens regarding  
20 the health consequences of diet and nutrition; and to encour-  
21 age the States to operate food and nutrition programs in an  
22 efficient and effective manner.

23 **DEFINITIONS**

24 **SEC. 3. As used in this Act—**

1           (1) The term "Secretary" means the Secretary of  
2           Agriculture.

3           (2) The term "State" means any of the fifty  
4           States, the District of Columbia, the Commonwealth of  
5           Puerto Rico, the Virgin Islands, Guam, American  
6           Samoa, the Trust Territory of the Pacific Islands, and  
7           the Commonwealth of the Northern Mariana Islands.  
8           Such term also includes any agency designated in ac-  
9           cordance with applicable State law to receive and dis-  
10          burse funds made available under this Act.

11                           **CONSOLIDATED PROGRAM OPTION**

12          **SEC. 4. (a)** Any State may, upon application to the Sec-  
13          retary and subject to the other provisions of this Act, partici-  
14          pate in the consolidated program provided for in this Act.  
15          Any State which elects and qualifies to participate in such  
16          program shall receive the funds it would have otherwise re-  
17          ceived under—

18                (1) the food stamp program provided for under the  
19                Food Stamp Act of 1977;

20                (2) the programs provided for under the National  
21                School Lunch Act and the Child Nutrition Act of  
22                1966, including the special supplemental food program  
23                provided for pregnant women, infants, and children  
24                carried out under section 17 of the Child Nutrition Act  
25                of 1966;

1           (3) the expanded food and nutrition education pro-  
2           gram provided for under the Smith-Lever Act;

3           (4) any other program which is enacted after the  
4           date of enactment of this Act, administered by the De-  
5           partment of Agriculture, and provides food assistance  
6           to needy persons or provides nutrition information or  
7           education to the citizens of the several States, unless  
8           the legislation enacting such program specifically pro-  
9           vides otherwise.

10          (b)(1) Any State which elects to participate in the con-  
11          solidated program in lieu of the categorical programs de-  
12          scribed in subsection (a) may withdraw its election to partic-  
13          pate in the consolidated program and continue participation  
14          in the categorical programs if such State withdraws its elec-  
15          tion at any time prior to the beginning of the first fiscal year  
16          it would have been eligible to receive funds (other than plan-  
17          ning funds) under the consolidated program.

18          (2) Any State which has participated in the consolidated  
19          program for at least two fiscal years may terminate its par-  
20          ticipation in such program upon written notice to the Secre-  
21          tary at least sixty days prior to the end of any fiscal year.

22          (3) A State which terminates its participation in the  
23          consolidated program as provided in paragraph (2) shall  
24          become eligible to participate in the categorical programs de-  
25          scribed in subsection (a) at the beginning of the fiscal year

1 following the fiscal year in which participation in the consoli-  
2 dated program ends.

3 (c) All States which elect to participate in the consoli-  
4 dated program shall begin participation at the beginning of a  
5 fiscal year. In no case may a State participate in the consoli-  
6 dated program and in one or more of the categorical pro-  
7 grams described in subsection (a) in the same fiscal year.

8 **CONSOLIDATION PROGRAM PAYMENTS**

9 **SEC. 5. (a)** Each State which elects and qualifies under  
10 this Act to receive funds for carrying out the consolidated  
11 program provided for in this Act shall be paid by the Secre-  
12 tary of the Treasury each fiscal year such amount as shall be  
13 certified to him by the Secretary.

14 (b) The Secretary shall certify for payment in the case  
15 of any State participating in the consolidated program in any  
16 fiscal year an amount equal to the total amount received by  
17 such State under the categorical programs described in sec-  
18 tion 4(a) in the most recent fiscal year in which such State  
19 received funds under such programs. In no case shall the  
20 amount certified for payment in any fiscal year in the case of  
21 any State which participated in the consolidated program in  
22 the preceding year be less than the amount such State re-  
23 ceived under this subsection in such preceding year.

24 (c) The amount to which any State is entitled under this  
25 section shall be adjusted each fiscal year to reflect changes in

1 (F) examining all reports and audits required  
2 in connection with the consolidated program car-  
3 ried out in such State under this Act;

4 (2) publish prior to the first year of consolidated  
5 assistance made to that State under this Act, and each  
6 fourth year thereafter, a four-year comprehensive State  
7 plan which—

8 (A) is developed in accordance with the pro-  
9 cedures described in section 8, and

10 (B) contains the provisions designed to meet  
11 the requirements of section 9,

12 (3) develop and publish an annual update of the  
13 comprehensive State plan, and

14 (4) certify to the Secretary that it has developed  
15 and published the comprehensive State plan or annual  
16 update in accordance with the provisions of this Act.

17 (b) A State desiring to receive funds for the consolida-  
18 tion program authorized by this Act for any fiscal year shall,  
19 in addition to the requirements of subsection (a), provide  
20 for—

21 (1) an audit of expenditures for each program year  
22 as provided in the State plan;

23 (2) an annual evaluation of the implementation of  
24 the State's final comprehensive plan, and any amend-  
25 ment thereto, adopted under section 8; and

1 (b) The maximum amount of a grant which a State may  
2 receive under this section is equal to not more than 2 per  
3 centum of the total amount of funds allocated to that State  
4 under the programs described in section 4(a) in the most  
5 recent fiscal year, and the minimum amount is \$500,000.

6 STATE ADMINISTRATION

7 SEC. 7. (a) Each State desiring to receive funds for the  
8 consolidation program authorized by this Act for any fiscal  
9 year shall—

10 (1) designate, as provided by the constitution and  
11 laws of the State, the single State agency within the  
12 State which will be responsible for—

13 (A) assessing the food and nutrition needs of  
14 the neediest population of the State;

15 (B) formulating the State plan provided for  
16 under section 9;

17 (C) receiving and apportioning the funds  
18 (Federal and State) made available for carrying  
19 out in such State the consolidated program pro-  
20 vided for in this Act;

21 (D) monitoring on a continuing basis the  
22 progress of the programs carried out in such State  
23 under this Act;

24 (E) preparing the general guidelines for the  
25 State plan; and

1 (F) examining all reports and audits required  
2 in connection with the consolidated program car-  
3 ried out in such State under this Act;

4 (2) publish prior to the first year of consolidated  
5 assistance made to that State under this Act, and each  
6 fourth year thereafter, a four-year comprehensive State  
7 plan which—

8 (A) is developed in accordance with the pro-  
9 cedures described in section 8, and

10 (B) contains the provisions designed to meet  
11 the requirements of section 9,

12 (3) develop and publish an annual update of the  
13 comprehensive State plan, and

14 (4) certify to the Secretary that it has developed  
15 and published the comprehensive State plan or annual  
16 update in accordance with the provisions of this Act.

17 (b) A State desiring to receive funds for the consolida-  
18 tion program authorized by this Act for any fiscal year shall,  
19 in addition to the requirements of subsection (a), provide  
20 for—

21 (1) an audit of expenditures for each program year  
22 as provided in the State plan;

23 (2) an annual evaluation of the implementation of  
24 the State's final comprehensive plan, and any amend-  
25 ment thereto, adopted under section 8; and



1           (3) an annual report of that audit and evaluation  
2       which report shall include—

3           (A) such information as the Secretary may  
4       prescribe consistent with the consolidation and  
5       provisions of this Act, and

6           (B) assurance that funds were expended in  
7       accordance with the Act and the comprehensive  
8       State plan.

9       **PROCEDURE FOR DEVELOPING THE COMPREHENSIVE**

10                               **STATE PLAN**

11       **SEC. 8.** Each State shall, in the development of the  
12       comprehensive State plan, establish procedures designed to  
13       assure that—

14           (1) a comprehensive assessment is made to deter-  
15       mine the food and nutritional requirements of the  
16       neediest people of the State, such assessment to in-  
17       clude, but not be limited to the children, infants, expec-  
18       tant mothers, elderly people, institutionalized popula-  
19       tions, and isolated populations of the State, who are  
20       living in circumstances of poverty or who are unable to  
21       provide themselves with an adequate nutritional diet;

22           (2) a comprehensive assessment is made to deter-  
23       mine the need for food and nutrition education among  
24       the people of the State, including segments of the  
25       State's population which may be suffering from overnu-

1       trition as well as those segments which may be suffer-  
2       ing from inadequate nutrition;

3           (3) procedures are established for obtaining the  
4       participation of interested citizens, local organizations,  
5       units of general local government, and appropriate  
6       State agencies prior to and during the development of  
7       the comprehensive plan;

8           (4) the legislature of the State will be informed of  
9       the development of the procedures required by this  
10       subsection;

11          (5) programs will be identified in terms of prior-  
12       ities for which funds will be allotted, distributed, and  
13       expended;

14          (6) the use of funds for purposes described in this  
15       Act will be coordinated with the use of State, local,  
16       and Federal funds (including commodities) made availa-  
17       ble for similar purposes;

18          (7) the use of funds for purposes described in this  
19       Act will be coordinated with each other and other Fed-  
20       eral programs to avoid duplication of effort;

21          (8) the proposed comprehensive State plan or the  
22       annual update thereof will be published at least one  
23       hundred and twenty days prior to its effective date and  
24       such plan or update thereof will be available to inter-  
25       ested parties and to local agencies within the State.

1       Comment relating to such plan must be accepted for a  
2       minimum of forty-five days after such publication;

3           (9) a final comprehensive State plan, or annual  
4       update thereof, will be published and made generally  
5       available prior to its effective date together with a  
6       summary of the comments received and an explanation  
7       of the differences between the proposed plan and the  
8       final plan and the reasons therefor;

9           (10) any amendment to the final comprehensive  
10       State plan prepared by the State agency designated  
11       pursuant to section 7(a)(1) will be published as a pro-  
12       posed amendment on which the public may comment  
13       for a period of at least twenty days, and thereafter the  
14       final agreement, together with a summary of the com-  
15       ments received and the action taken on such com-  
16       ments, will be published;

17           (11) procedures will be established to assure that  
18       regulations and rules established, amended, or repealed  
19       by that State will be established, amended, or repealed  
20       with the counsel of local agencies and consistent with  
21       State administrative procedures and due process;

22           (12) the aggregate amount to be expended by the  
23       State and its agencies from funds derived from non-  
24       Federal sources for the consolidation program for any  
25       fiscal year will not be less than the amount expended

1 by the State and its agencies in the preceding fiscal  
2 year on programs described in section 4(a) and on simi-  
3 lar or related programs; and

4 (13) Federal funds provided under this Act sup-  
5 plement and in no case supplant State and/or local  
6 funds.

7 **PROVISIONS OF THE COMPREHENSIVE STATE PLAN**

8 **SEC. 9. (a)** A comprehensive State plan meets the re-  
9 quirements of this section if such plan—

10 (1) sets forth the procedure for, and the results of,  
11 the needs assessments conducted pursuant to section  
12 8(a)(1);

13 (2) sets forth the goals to be achieved under the  
14 plan, the basic program objectives and a description of  
15 the programs to be carried out under the plan;

16 (3) sets forth the State's program for providing  
17 food and nutrition education and information designed  
18 to meet the needs of its people as revealed in the  
19 needs assessment;

20 (4) sets forth the policies and procedures to be fol-  
21 lowed by the State to assure that the distribution of  
22 funds to State and local agencies, institutions, and or-  
23 ganizations within the State is in accordance with the  
24 provisions of this Act;

1           (5) contains a description of the organizational  
2 structure through which the program consolidated by  
3 this Act will be administered;

4           (6) sets forth the State's program (if any) for pro-  
5 viding meals and food and nutrition education in con-  
6 nection with or as a part of (A) any Head Start or  
7 Follow Through program for children, (B) the nutrition  
8 program for the elderly carried out under title VII of  
9 the Older Americans Act of 1965, (C) the community  
10 food and nutrition program, and (D) any other federally  
11 funded food or nutrition education or information pro-  
12 gram carried out with funds not provided under this  
13 Act;

14           (7) sets forth the procedures for monitoring activi-  
15 ties of the agencies, institutions, and organizations  
16 within the State responsible for administering the com-  
17 prehensive plan of the State, including a provision for  
18 technical assistance by the State to each such agency,  
19 institution, and organization;

20           (8) contains a description of the process that the  
21 State will use to insure that any agency, institution, or  
22 organization in the State which receives funds under  
23 this Act will annually develop or update a comprehen-  
24 sive plan for the use of such funds and that the plan

1 will be made available to the public for comment as  
2 provided in the comprehensive State plan;

3 (9) provides, consistent with State law and prac-  
4 tice, for an audit of the expenditure of funds received  
5 under this Act by local agencies, institutions, and orga-  
6 nizations;

7 (10) sets forth procedures to be used by the State  
8 to eliminate unnecessary paperwork and duplication of  
9 informational requests in regard to local agency appli-  
10 cations, evaluations, and reporting;

11 (11) prescribes procedures to be followed by the  
12 State when a local agency fails to develop or imple-  
13 ment a program plan, including procedures for notice  
14 and opportunity for hearing in any case funds are to be  
15 withheld;

16 (12) provides a local agency appeal process within  
17 the State for any local agency which is dissatisfied  
18 with the State's action with respect to the State's  
19 compliance with substantive and procedural provisions  
20 of the Act. A local agency may appeal the final ruling  
21 of the State to the Secretary;

22 (13) provides for an audit of expenditures for each  
23 program year in accordance with generally accepted  
24 accounting principles, conducted, in a manner approved  
25 by the Secretary, by—

1 (A) an auditor of the State, using certified  
2 public accountants, or

3 (B) a private certified public accountant or  
4 auditing firm utilizing certified public accountants;  
5 and

6 (14) provides for an annual report of such audit.

7 (b) The Secretary shall, within sixty days after receiving  
8 any comprehensive State plan from any State, notify such  
9 State in writing whether such plan complies with the require-  
10 ments of this Act. In the event the Secretary fails to notify  
11 any State within the time period prescribed, the comprehen-  
12 sive State plan shall be deemed to have been approved by the  
13 Secretary. If the Secretary notifies a state that a plan does  
14 not meet the requirements of this Act, he shall indicate spe-  
15 cifically in what respect such plan failed and what action  
16 must be taken to meet the requirements.

17 **SUPPLEMENTAL PAYMENT**

18 **SEC. 10. (a)** Each State which elects and qualifies to  
19 receive funds for carrying out a consolidated program under  
20 this Act shall also be eligible, upon application therefor, to an  
21 additional amount of funds for carrying out such program  
22 equal to 10 per centum of the amount to which such State is  
23 entitled under section 5 on the condition that such amount is  
24 matched by such State with an equal amount of funds from  
25 non-Federal sources which will be used for carrying out the

1 purposes of this Act. A State may, if it so elects, receive any  
2 amount under this section equal to less than 10 per centum of  
3 the amount it is entitled to receive under section 5 on the  
4 condition that such lesser amount is matched by such State  
5 with an equal amount from non-Federal funds which will be  
6 used to carry out the purposes of this Act. For purposes of  
7 this section, funds received by any State under a Federal-  
8 State revenue sharing plan shall be considered to be funds  
9 from a non-Federal source.

10 (b) If the sums appropriated for any fiscal year for  
11 making payments to States under this section are not suffi-  
12 cient to pay in full the amount to which each State is entitled  
13 under this section for such fiscal year, the amounts which all  
14 States may receive under this section for such fiscal year  
15 shall be ratably reduced. In case additional funds become  
16 available for making such payments for any fiscal year during  
17 which the preceding sentence is applicable, such reduced  
18 amounts shall be increased on the same basis as they were  
19 reduced.

20 (c) Additional funds under this section shall be paid to a  
21 State by the Secretary of the Treasury upon certification of  
22 the amount to be paid by the Secretary.



1 **TIME OF PAYMENTS**

2 **SEC. 11.** The Secretary shall determine the time or  
3 times at which payments under this Act are to be made to  
4 States.

5 **FEDERAL SERVICES; USE OF FUNDS FOR FOOD SERVICE**6 **EQUIPMENT AND FACILITIES**

7 **SEC. 12. (a)** Whenever any State elects to carry out a  
8 consolidated feeding program under this Act and any part of  
9 such program is substantially the same or provides substan-  
10 tially the same benefits as any of the programs described in  
11 section 4(a), the Secretary shall, upon the request of such  
12 State, furnish with respect to such part of such program any  
13 services in-kind which would have been furnished such State  
14 by the Federal Government had such State participated in  
15 the programs described in section 4(a) on a separate basis  
16 rather than electing to participate in a consolidated program  
17 under this Act.

18 **(b)** Funds made available to any State under this Act  
19 may be used for the purchase of any food service equipment  
20 and facilities necessary or appropriate to carry out effectively  
21 the comprehensive State plan of such State.

22 **ADMINISTRATIVE EXPENSES**

23 **SEC. 13.** None of the funds made available to a State  
24 under this Act in any fiscal year (excluding the State's share  
25 of matching funds under section 10) in any amount in excess

1 of an amount equal to 7½ per centum of such funds may be  
2 used for administrative expenses in carrying out the consoli-  
3 dated program under this Act in such fiscal year.

4 EVALUATIONS

5 SEC. 14. (a) The Secretary, after consulting with and  
6 obtaining the assistance of the State agency designated pur-  
7 suant to section 7(a)(1), shall prepare and design several  
8 models for evaluation of program effectiveness which will be  
9 consistent with the purposes of the consolidation program au-  
10 thorized by this Act. Evaluation of local agency programs  
11 should focus on the food and nutrition services provided for  
12 needy persons in the State, the food and nutrition education  
13 program, the number of such persons served by each pro-  
14 gram, and the effect or results of such services and programs.

15 (b)(1) Each State participating in the consolidation pro-  
16 gram authorized by this Act shall (A) select one of the  
17 models developed under subsection (a) of this section, or (B)  
18 use a model developed by that State, and shall be responsible  
19 for the use of that model in program evaluation of the con-  
20 solidation program authorized by this Act. Each such evalua-  
21 tion design shall involve participation by local agencies of  
22 that State.

23 (2) An evaluation report which is consistent with the  
24 procedures established pursuant to this section and the State  
25 comprehensive plan shall be prepared annually by each local

1 agency and submitted to the State agency designated pursu-  
2 ant to section 7(a)(1). No other evaluation reports for pro-  
3 grams authorized by this Act may be required of local agen-  
4 cies by the State agency.

5 (3) The annual State agency evaluation report prepared  
6 pursuant to this subsection shall be submitted to the Secre-  
7 tary on such date as the Secretary shall establish. The Secre-  
8 tary shall analyze the State evaluations received under this  
9 paragraph and shall, not later than March 1 in the year suc-  
10 ceeding the year in which the evaluations are submitted, pre-  
11 pare and submit to the Congress a report on such evalua-  
12 tions.

13 (c) The Comptroller General shall conduct an evaluation  
14 of the program authorized by this Act and, not later than the  
15 end of the fifth fiscal year following the fiscal year in which  
16 this Act is enacted, prepare and submit to the Speaker of the  
17 House of Representatives and the President of the Senate a  
18 report on such evaluation together with such recommenda-  
19 tions, including such recommendations for legislation, as the  
20 Comptroller General deems advisable.

21 (d) The Secretary is authorized to make applicable to  
22 the consolidated programs of all States those program com-  
23 ponents of the various State consolidated programs deter-  
24 mined by him on the basis of evaluations carried out under

1 this section to most effectively and efficiently meet the objec-  
2 tives of this Act.

3 (e) The Secretary shall conduct a comprehensive evalu-  
4 ation of the operation of the consolidated program in the case  
5 of each State electing to participate in such program. The  
6 first such evaluation shall be conducted by the Secretary  
7 within three months after one or more States have participat-  
8 ed in such program for a period of two years. Thereafter such  
9 evaluation shall be made at the end of every second year. In  
10 carrying out his evaluation of the operation of the consoli-  
11 dated program in the case of any State, the Secretary shall  
12 hold public hearings in such State to afford interested persons  
13 a reasonable opportunity to give testimony regarding such  
14 program. The Secretary shall report the results of each such  
15 evaluation to the Speaker of the House of Representatives  
16 and to the President of the Senate together with such com-  
17 ments and recommendations as the Secretary deems appro-  
18 priate.

19 **MONITORING AND TECHNICAL ASSISTANCE**

20 **SEC. 15. (a)** The Secretary shall conduct annually such  
21 monitoring programs in each State selecting the consolidation  
22 program authorized by this Act as he deems appropriate. The  
23 monitoring program authorized by this section shall include  
24 review of the development of the comprehensive State plan  
25 for compliance with the provisions of this Act. Mon

1 shall also include review of implementation of programs for  
2 conformity with this Act and with the comprehensive State  
3 plan. In order to avoid duplication of monitoring visits as  
4 well as an excess of such visits, the Secretary shall coordi-  
5 nate his visits under this section with monitoring visits made  
6 by other Federal departments and agencies of the Govern-  
7 ment.

8 (b) Whenever, as a result of monitoring activities con-  
9 ducted pursuant to this section, the Secretary identifies areas  
10 of noncompliance, the Secretary shall establish procedures  
11 with the appropriate State agency designated under section  
12 7(a)(1) for the necessary modifications.

13 (c) The Secretary shall provide advice, counsel, and  
14 technical assistance upon request of State and local agencies.

15 **INTERSTATE COOPERATION**

16 **SEC. 16. (a)** The Secretary shall carry out a program of  
17 making grants to States which have elected to consolidate  
18 under this Act for the purpose of interstate cooperation.

19 (b) Such grants for cooperation among States shall be  
20 for the purpose of addressing common administrative prob-  
21 lems under this Act and for planning and research.

22 (c) There are authorized to be appropriated \$3,000,000  
23 for each of the ten fiscal years beginning October 1, 1977, to  
24 carry out the provisions of this section.

1 **FEDERAL ADMINISTRATION**

2 **SEC. 17. (a)** The consolidated program authorized by  
3 this Act shall be administered by a separate identifiable ad-  
4 ministrative unit to be established within sixty days after the  
5 date of enactment of this Act by the Secretary in the Depart-  
6 ment of Agriculture.

7 (b) Personnel to be employed in the administration of  
8 the consolidation program authorized by this Act shall come  
9 from program units administering the categorical programs  
10 consolidated under this Act. Any additional personnel neces-  
11 sary for the administration of such consolidated program shall  
12 be based on the number and population of the States which  
13 elect to consolidate.

14 (c) The Secretary shall establish procedures to minimize  
15 all paper work in regard to information required of State and  
16 local agencies.

17 **DELEGATIONS, TRANSFERS OF FUNDS, AND CONTRACTS BY**  
18 **THE STATE AGENCY**

19 **SEC. 18.** The State agency designated pursuant to sub-  
20 section 7(a)(1) may, to the extent necessary to carry out the  
21 provisions of this Act—

22 (1) delegate its administrative functions, under  
23 this Act to other appropriate State agencies,



1 a request that the Attorney General seek an injunction re-  
2 quiring compliance by the State with the requirements of sec-  
3 tions 8 and 9 or the provisions of the State plan, as the case  
4 may be, (C) terminate the participation of the State in the  
5 consolidated program and permit the State to return to par-  
6 ticipation in the categorical programs described in section  
7 4(a), or (D) utilize any combination of (A), (B), and (C) as he  
8 deems appropriate.

9 (b) The Secretary shall establish a due process proce-  
10 dure to consider appeals made by local agencies under sec-  
11 tion 9(a)(12).

12 (c)(1) If any State or local agency is dissatisfied with the  
13 Secretary's final action with respect to any action taken  
14 under this Act, the State may, within sixty days after notice  
15 of that action, file with the United States court of appeals for  
16 the circuit in which the State is located a petition for review  
17 of that action. A copy of the petition shall be forthwith trans-  
18 mitted by the clerk of the court to the Secretary. The Secre-  
19 tary thereupon shall file in the court the record of proceed-  
20 ings on which he based his action, as provided in section  
21 2112 of title 28, United States Code.

22 (2) The findings of fact by the Secretary, if supported by  
23 substantial evidence, shall be conclusive; but the court, for  
24 good cause shown, may remand the case to the Secretary to  
25 take further evidence, and the Secretary may thereupon



1 make new or modified findings of fact and may modify his  
2 previous action, and shall file in the court the record of the  
3 further proceedings. Such new or modified findings of fact  
4 shall likewise be conclusive if supported by substantial evi-  
5 dence.

6 (3) Upon the filing of such petition, the court shall have  
7 jurisdiction to affirm the action of the Secretary or to set it  
8 aside, in whole or in part. The judgment of the court shall be  
9 subject to review by the Supreme Court of the United States  
10 upon certiorari or certification as provided in section 1254 of  
11 title 28, United States Code.

12 (d) The Secretary and the Comptroller General of the  
13 United States, in the exercising of their authority under this  
14 Act may not prescribe to the State any requirement for ex-  
15 penditures of funds other than funds provided under this Act.

#### 16 CIVIL RIGHTS REQUIREMENTS

17 SEC. 20. Funds made available under this Act shall be  
18 subject to title VI of the Civil Rights Act of 1964 (42 U.S.C.  
19 2000d—2000d-5), title IX of the Education Amendments of  
20 1972, and section 504 of the Rehabilitation Act of 1973 (29  
21 U.S.C. 794).

#### 22 PARTICIPATION OF NONPUBLIC SCHOOL CHILDREN

23 SEC. 21. If a State is prohibited by law from providing  
24 for the participation of children enrolled in private nonprofit  
25 or Indian tribal elementary and secondary schools, or if the

1 Secretary determines, after affording notice and an opportu-  
2 nity for a hearing, that a State has substantially failed to  
3 provide for such participation, he shall arrange, by contract  
4 or otherwise, for such children to receive, on an equitable  
5 basis, services similar to those provided under this Act to  
6 public school children in the State. The cost of providing  
7 those services for any fiscal year shall be paid from the allot-  
8 ment of the State under section 5.

9 **CRIMINAL PENALTY**

10 **SEC. 22.** Any individual who is an officer, director,  
11 agent, or employee of, or who is connected in any capacity  
12 with, any partnership, association, firm, group, corporation,  
13 business, organization, or other entity, public or private,  
14 which receives benefits under this Act by means of a grant,  
15 contract of assistance, subsidy, or any other form of Federal  
16 assistance, and who knowingly and willfully embezzles, mis-  
17 applies, steals, or obtains by fraud, false statement, or forg-  
18 ery, any funds, assets, or property obtained under any pro-  
19 gram authorized by this Act shall be fined not more than  
20 \$10,000 or imprisoned for not more than five years, or both;  
21 but if the amount so embezzled, misapplied, stolen, or ob-  
22 tained by fraud, false statement, or forgery does not exceed  
23 \$200, such individual shall be fined not more than \$1,000 or  
24 imprisoned not more than one year, or both.

1                   **AUTHORIZATION FOR APPROPRIATIONS**

2           **SEC. 23.** There are authorized to be appropriated such  
3 sums as may be necessary to carry out the provisions of this  
4 Act, subject to the limitation contained in section 16(c) on the  
5 amount that may be appropriated for interstate cooperation  
6 grants.

## PROPOSED AMENDMENT TO S. 605 SUBMITTED BY SENATOR BELLMON

Viz:

- On page 2, strike out lines 3 and 4.
- On page 2, line 5, strike out "(2)" and insert in lieu thereof "(1)".
- On page 2, line 8, strike out "(3)" and insert in lieu thereof "(2)".
- On page 2, line 10, strike out "(4)" and insert in lieu thereof "(3)".
- On page 3, strike out lines 18 and 19.
- On page 3, line 20, strike out "(2)" and insert in lieu thereof "(1)".
- On page 4, line 1, strike out "(3)" and insert in lieu thereof "(2)".
- On page 4, line 3, strike out "(4)" and insert in lieu thereof "(3)".

Viz: On page 5, lines 18 and 19, strike out "fiscal year in which State received funds under such programs" and insert in lieu thereof "four consecutive quarters during which such State received under such programs and for which the necessary information is available".

Viz: On page 17, beginning with line 23, strike out all down through line 3 on page 18 and insert in lieu thereof the following:

SEC. 13. (a) Except as provided in subsection (b), none of the funds made available to any State under this Act (excluding the State's share of matching funds under section 10), in any amount in excess of an amount equal to 7½ per centum of such funds may be used for administrative expenses in carrying out the consolidated program under this Act in such fiscal year.

(b) A State may expend for administrative expenses in any fiscal year an amount in excess of the maximum amount permitted under subsection (a) if at least one-half of the amount expended by the State in such fiscal year in excess of such maximum amount is provided by the State from non-Federal sources.

Viz: On page 8, line 6, strike out "fourth year" and "four-year" and insert in lieu thereof "third year" and "three-year", respectively.

Viz: On page 10, strike out lines 3 through 7 and insert in lieu thereof the following:

"(3) procedures are established for obtaining, prior to and during the development of the comprehensive State plan, the participation of interested citizens, local organizations, health care providers, child care providers, educational agencies and institutions, units of general local government, and appropriate State agencies;"

Viz:

- On page 10, line 23, strike out "twenty" and insert in lieu thereof "eighty".
- On page 10, line 23, strike out "and" and insert in lieu thereof a comma.
- On page 10, line 25, strike out the period and insert in lieu thereof a comma and the word "and".
- On page 11, strike out lines 1 and 2 and insert in lieu thereof "comments on such plan will be accepted from interested persons for a minimum of thirty days after such publication;"
- On page 11, line 8, strike out "therefor" and insert in lieu thereof "for such differences".
- On page 11, line 13, strike out "twenty" and insert in lieu thereof "thirty".
- On page 12, line 5, strike out "and/or" and insert in lieu thereof "or".

Viz: On page 13, line 8, strike out "title VII" and insert in lieu thereof "part C of title III".

Viz:

On page 15, line 6, strike out the period and insert in lieu thereof a semicolon and the word "and".

On page 15, between lines 6 and 7, insert the following:

"(15) is approved and signed by the chief executive of the State."

Viz: On page 16, after the period in line 9, add the following: "No funds may be counted as matching funds for purposes of this section by any State if such funds are used by such State to meet the maintenance-of-effort procedures of the State plan provided for in section 8(12) or if such funds are counted as State matching funds for the purpose of any other Federal program."

Viz: On page 21, line 2, strike out "1977" and insert in lieu thereof "1981".

Viz: On page 22, strike out lines 2 through 6 and insert in lieu thereof the following:

SEC. 17. (a) The Secretary shall establish within the Department of Agriculture not later than six months after the date of enactment of this Act a separate identifiable unit to administer the consolidated program authorized by this Act.

Viz: On page 25, between lines 15 and 16, insert the following:

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## INAPPLICABILITY OF EXISTING LAW

SEC. 20. (a) Unless otherwise provided in this Act, no provision of law referred to in section 4(a) of this Act shall be applicable to the consolidation program instituted under the provisions of this Act by any State, and no person shall be entitled to any right or benefit under any such provision of law in any such State after the date on which such State has initiated the operation of such program.

(b) The provisions of subsection (a) shall not apply to the claim of any person in any State for a right or benefit that accrued under any such provision of law for any period before such State initiated the operation of a consolidated program under this Act or to any claim in connection with a right or benefit that arises in such State after such State has discontinued operation of a consolidated program under this Act.

Renumber sections 20 through 23 as sections 21 through 24, respectively.

On page 9, line 17, insert a comma after "to".

On page 9, line 19, strike out the comma after "State".

○

**DEPOSIT****MAR 21 1980****SHIPPED**

